

THE BUDGET.

Manitoba

19

SPEECHES OF HON. MESSRS. JONES, GREENWAY (AS REPORTED BY THE "FREE PRESS") NORQUAY AND LARIVIERE (AS REPORTED BY THE "CALL") ON THE BUDGET, IN THE MANITOBA LEGISLATURE, ON MAY 13TH, AND FOLLOWING DAYS.

ALSO THE DEBATES ON THE FLOATING OF THE PROVINCIAL BONDS AND THE ABANDONMENT OF THE RED RIVER VALLEY RAILWAY.

TREASURER JONES' SPEECH.

AS REPORTED BY THE "FREE PRESS."

At four o'clock Hon. Mr. Jones rose to deliver the budget speech. The applause with which he was greeted testified to his popularity and to the great things expected from his effort. He began by asking the indulgence of the House in view of his inexperience and the short time and unfavorable circumstances in which he had been engaged in looking into the financial situation of the Province. He believed the custom had been in former years, in laying the estimates on the table to deal largely with matters other than those which might be considered strictly financial. The practice had been to review to a considerable extent the past history of the province, and doubtless it would be expected by some that he would take this course, but such was not his intention. It would indeed be a pleasure to him, as to every member, to discuss the immediate past in this province, more particularly the past year with reference to the magnificent harvest produced, the large exportation made and matters in connection therewith; this, however, had been so ably dealt with by the member for North Dufferin in moving the reply to the Speech from the Throne that he did not think it desirable to discuss it further. He would, therefore, proceed to matters more directly connected with finance, including first the position of affairs when he entered upon his duties as Provincial Treasurer, and afterwards the supplementary estimates for the present fiscal year; the question of the loan which the House had authorized; the estimates of expenditures for the fiscal year ending June 30th, 1889, making a few comparisons with past years; and matters which had come under his notice more especially and under the notice of the Government since they took office. He would first go over shortly matters with which the Government had dealt

try at the earliest possible moment a statement of the financial affairs as they existed. He believed this was usual when changes of Government took place; and it would have been only justice to the late government under any circumstances; but in view of the serious charges made during the past year, of reckless and dishonest management, it became particularly desirable in the opinion of this Government that they should have auditors appointed to go over the books and see exactly the position they were in. Now he was free to say that, while many charges had been made through the public press and otherwise, with reference to the affairs of the Province, he had thought that considerable exaggeration had been made; but he regretted to add that his experience since he entered upon the duties of provincial treasurer, had convinced him that this was not the case, but the actual state of affairs would justify, if not all, almost all the statements made with reference to how the business had been managed. The Government found it very difficult indeed to make an audit, for the reason that the

BOOKS WERE SO FAR BEHIND that it took a great deal of time to write them up in order to be able to deal with some matters which it was particularly desired to deal with at the earliest possible moment. He desired to read a portion of two reports received from the auditors, dated April 19th, as follows:—

WINNIPEG, 4th April, 1888.
SIR,—We have the honor to hand you herewith statements showing the amounts at credit of Common Law Suite, and the amounts paid into the Court of Queen's Bench (equity) with interest to the 16th January, 1888 also a statement of interest credited to the bank account of Mr. G. H. Walker, Prothonotary, for which he has not accounted.

We have etc.,
(Sd) JOHN McDONALD, } Special
ALEX. MOFFAT, } Auditors.

Statement of interest credited to the Bank account of Mr. G. H. Walker, Prothonotary, and not accounted for.

Nov. 30, 1882, Interest on acc. from 24th	
March, 1883,	\$ 35 30
May 31, 1883, Interest on acc. from 24th	
Nov., 1882,	130 10
Nov. 30, 1883, Interest on acc. from 31st	
May, 1883,	216 00

SINCE TAKING OFFICE.
About the first thing the Government did was to appoint auditors—in fact, the first duty that devolved upon him as Provincial Treasurer upon taking charge of the office was to recommend to the members of the Government that auditors be appointed to audit the books of the Province and lay before the

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Interest on acc. from 30th	300 90
Interest on acc. from 31st	314 75
Nov., 1885, interest on acc. from 30th	313 25
June 24, 1885, interest on acc. from 30th	16 85
May, 1885.....	

Total unaccounted for.....\$1,405 75
Add interest on election deposits drawn
by Mr. Walker—see report dated 23
April, 1888..... 53 25

\$1,459 00

Memo.—The bank-book not being forthcoming we obtained the above statement over the signature of the Manager of the Imperial Bank.

WINNIPEG, 19th April, 1888.

The Hon. Lyman M. Jones, Provincial Treasurer.

SIR,—We have the honor to report, with regard to the Court of Chancery accounts, that we find no books from the establishment of the Court of Queen's Bench in August, 1872, to February, 1878, and are informed that Mr. Daniel Carey, then Prothonotary, took the books away with him when he ceased to occupy the office of Prothonotary, on the ground that the books were purchased and paid for by himself, and consequently his own private property. There is no means, therefore, of getting at the receipts and payments during that period except by recovering the books from Mr. Carey, or writing up another set of books from the records, etc., of the court.

A rough cash book was commenced on 12th February, 1878, by Mr. Allan Macdonald, late Prothonotary, and continued to the 21st June, 1878, when it appears to have been discontinued, and recommenced on the 1st January, 1880, and continued to 12th April, 1881, on which date it ceased altogether, and shows a balance of \$19,476.91, which should be the balance at credit of the court in the bank, or in the hands of the Prothonotary, as no entries or deposits appear in the cash book.

Should it be decided to have a new set of books written up from August, 1872, it is very probable that it may be found necessary to continue them to the 9th December, 1881, the date on which Mr. Allan Macdonald handed over an amount of \$5,063.50 which is presumed to have been the balance of court funds then in his hands; although we have no means of verifying the accuracy of such balance, or accounting for the difference between it and the above mentioned cash book balance of \$19,476.91 except by going through the details of the court records, &c. The only bank cash book found by us commenced on the 15th November, 1881. With this book we have compared the deposit entries with the counterpart of the "Director's Order Book" down to date and found them to correspond. We have also checked the withdrawals with the counterpart of the check book down to the end of July, 1883, when the court funds came under control of the Provincial Treasurer, and found them to correspond.

Previous to November, 1881, we are unable to say how the matter of interest was dealt with, but since then down to date it appears to have gone on accumulating in the bank balances.

We would like to be advised as to the course to be pursued in regard to the chancery accounts during the period referred to, viz: from August, 1872, to December, 1881.

We have, &c.
(Sd.) John McDonald, } Special Auditors.
(Sd.) Alex. Moffat,
Hon. Lyman M. Jones
Provincial Treasurer.

This report would show how difficult it was in the different departments to find a foundation upon which to start to audit the books with any certainty that the result was correct when finished. It was intended to go back three or four years, but the auditors found it impossible to commence at that point, because books were not available. During the period from 1882-85 the bank account of the Court of Queen's Bench was kept in the name of the prothonotary, during which he drew out accrued interest amounting to \$1,459 and applied it to himself. That instance would give some idea of the difficulty of making an audit, and of the necessity that arose for an audit. As to the position of the books found by himself

IN HIS OWN DEPARTMENT

the statement that had been made was quite correct, that from October 1st, 1885, to January 1st, 1887, a period of 15 months, not one single entry had been made in the cash-book of the treasury department. True, after the 1st of January, and before the 1st of July entries were got up, so that at the end of the year there was brought down what purported to be a correct statement, but during that period the entries would require to be made from the stubs of cheque books or other memoranda. Hethought the House would agree with him that if any business firms kept their books in the same manner, it would not be many months—he thought not fifteen months—unless they had very large capital, until their affairs would be in the hands of a receiver. From the 1st of July last until the 15th of January, although the department was provided with a beautiful cash-book, specially made, there was not a single entry in it for this period of nearly eight months. In order to make entries in writing up the book after he took charge of the department, it was necessary to go back to the stubs of the cheque books which had been carefully preserved by the deputy treasurer. During the past 3½ months, along with a great deal of work in preparing Legislation, and without extra assistance, the books had been caught up until the Government were able to have a statement laid before the provincial treasurer every fifteen days, of every single account that has passed through the treasury of the province. (Applause.) He mentioned this to show that he did not think it at all necessary that the books of the department should linger behind in the manner they did, unless for reasons other than those stated in the office books.

IN THE AUDIT OFFICE

about the same state of affairs was found. The appropriation book kept by the auditor was the most important book in the building, because the auditor was supposed to be appointed by the House. His duties were laid down by statute, and it was very clearly necessary that he should refuse to allow any account to pass

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through unless there was a proper voucher. But the appropriation book was not written up for months up to the date of the present government taking office; and the reason given for this was that the occasion for exceeding the appropriations early in the year was not great, and before any danger arose it was proposed that the books should be caught up. It was found necessary in order to write up these books not to take information contained in the auditor's own office, but to go to the treasurer's office and ask him to hand over the original vouchers, as authorities for the issues of cheques. If the appropriation book or any other in the auditor's department was a necessity, it must be before the vouchers reach the treasurer's office. Every voucher in any department is made out in triplicate; the department keeps one copy, and the original and the other duplicate go to the auditor; the auditor keeps the duplicate, and sends the original, with the cheque, to the department of the treasurer; the latter signs the cheque, and the voucher is filed away in the vault, and is the only authority the treasurer has for issuing the cheque. He (Hon. Mr. Jones) found that the cheques and vouchers of the treasurer's department had been handed back to the auditor's department, where vouchers for about a quarter of a million dollars were lying on the floor, desks and benches, where they had been for weeks without any protection from fire or destruction through other causes. With reference to the bank account, when he

ASKED TO SEE THE BANK BOOK

he could not have it handed to him to turn up and see what the balance was; it was stated that there was no bank book kept in proper shape, for the reason that they were a long way behind with their cash and the bank refused to hand over the cheques. When they desired to know what their balance was they telephoned down to the bank; and if the message came that there was \$10,000, or \$20,000, or \$30,000 to credit, cheques were issued. When the bank said that the funds were exhausted, they had to make a deposit, or some other arrangement by which the bank would be able to telephone up that there was a balance available. With reference to the temporary arrangement made by the present Government, it had been stated in some papers, and truthfully, too, that about the first thing this Government did was to borrow money. He admitted that it was the first thing they tried, but they did not succeed without considerable difficulty. They found to their credit \$5,000 or \$6,000, or possibly \$10,000; but against that cheques had been issued and had gone out, so that if these arrived at the bank to be cashed, the Government would owe the bank \$2,000 or \$3,000. Hence practically the account was overdrawn by about \$2,000 or \$3,000. Sometimes two or three

weeks elapsed before cheques mailed to parties in different parts of the Province were presented for payment; and the Government endeavored to hold some of the cheques they found outstanding, and to prevent their getting to the bank too soon; still a sufficient amount did come in to make it necessary for him to arrange for a loan on his own private security to protect the credit of the Province. The Government were anxious that it should not go out that their cheques had already been refused by the bank, as it would be accepted as a reflection against them that the new Government's credit was short-lived, that they could not go on for a fortnight. Thus it became necessary

TO PROTECT THE CREDIT

of the Province privately until some arrangement could be made. They found that the late Provincial Treasurer, Hon. Dr. Harrison, had made an application to the bank for a loan, and on entering the department he (Hon. Mr. Jones) found that the application had been renewed by the present leader of the Government, who had charge of the department until he (Hon. Mr. Jones) returned from Ontario. Therefore he (Hon. Mr. Jones) followed up the application made by his predecessors, within three or four days, and found himself in the position of having met with a direct refusal from the bank to grant the Government any further loans. The reasons given were that in view of the fact of such large expenditures in the near past, and rumors and statements made, it was not thought desirable to grant any further credit without some further security than the Government appeared able to give. This was an awkward position for a new treasurer; but, having been refused, he applied in Eastern Canada, where he was acquainted with financial institutions, and received assurances which enabled him to draw what he needed pending a further arrangement. He discussed the matter with the banks here, and finally made an arrangement with the Merchants' Bank which compared favorably with the arrangement of the late Government during the first half of the present fiscal year. The late Government found themselves out of money about the first of August last year. Notwithstanding that they had received the Dominion Government subsidy of over \$200,000 on the 1st of July, on the 5th of Aug. they found that it had been expended; and they required to negotiate a loan from the Merchants' Bank on the 6th of August, 1887, of \$200,000. That loan was to carry them through the first half of the fiscal year, or until January when the subsidy would again arrive; amounting to \$200,000 odd, and they would be able to repay it from this. They found, however, that they made

A SLIGHT MISCALCULATION;
and on the 15th of October they made a

further application for \$100,000 to carry them through the balance of the year. They succeeded in making that loan, and he (Hon. Mr. Jones) would like to compare it with the arrangement made by himself. On the 9th of November the following letter was sent by the late Provincial Treasurer to the Manager of the Merchants' Bank:—

WINNIPEG, 9th November, 1887.

SIR,—I beg to herewith enclose certified copies of two Orders-in-Council passed yesterday and authorizing me to effect a loan of \$200,000 from your bank, and also to issue an order on the Minister of Finance at Ottawa, authorizing your bank to receive the amount of the semi-annual subsidy, which this Province is entitled to receive on the first of January next, and the amount of which exceeds the loan now effected.

Upon being satisfied that all the requirements have been complied with in reference to this loan, you will please charge against the amount thereof the sum of \$100,000, previously borrowed from your bank with the interest accrued thereon and the amount of the overdraft on your bank to the present date, the balance to be credited to our general account, but a sufficient sum to be held from the same to cover the payment of interest coupons on the debentures of this Province maturing on the first of January next and, as agreed upon, a commission of one per cent. will be allowed to your bank on \$200,000 from the date of the first overdraft after the previous loan of \$100,000 to the date of the receipt of subsidy transferred to your bank. This commission to be apart from the interest already allowed under the statute.

Yours truly,
(Sgd.) A. A. C. LARIVIERE,
Provincial Treasurer.

D. MILLER, Esq.,
Mgr. Merchants Bank, Winnipeg.

Doubtless every member of the House was aware what the act says with reference to the powers of the Government to borrow money. In the Statutes of 1887, Cap. 20, Section 30 reads as follows:—

"The Lieutenant-Governor-in-Council may also from time to time in case of exigency arising out of failure of the revenue from unforeseen causes, direct the Treasurer to effect any needed temporary loan chargeable on the consolidated revenue fund in such manner and form, in such amounts payable at such periods and bearing such rates of interest, not exceeding six per cent. per annum as the Lieutenant-Governor-in-Council may authorize; but such loans shall not exceed the amount of the deficiencies in the said consolidated revenue fund to meet the charges placed thereon by law and shall not be applied to any other purposes whatever."

Thus the law enables the government to borrow money by order-in-council; but points out that they cannot pay legally more than six per cent interest. The letter of the late provincial treasurer pointed out that that was the law; but to get over the law he proposed to call the additional interest a bonus. If that would evade the law, he (Hon. Mr. Jones) did not know why we should have any law at all. The bonus offered amounted to four per cent additional after paying six per cent interest, making the total interest paid by the late government during the period mentioned exactly ten per cent per annum (Applause). The arrangement

made by the present government was that they should pay six per cent. per annum only, and to receive the same rate of interest on moneys deposited and standing to their credit at the end of each month that they pay on overdrafts. He was glad to say that the bank did not see its way clear, or did not have the gall to accept the offer of the late government, and only charged seven per cent on monthly balances, and notwithstanding the government's attempt to get ten per cent into the bank they failed because the bank refused to take the money. (Applause and laughter.) The late government of course received the subsidy the first of the year; but having such a large loan almost entirely exhausted, they had but little margin left. They seemed, however, to have made a special calculation to look after themselves, and possibly some of their friends, before this loan of \$100,000 was entirely exhausted. In a considerable number of instances they paid salaries for which they

RECEIVED NO RETURN—

salaries for one, two or three months in advance for which no labor had been performed. In other cases it was found they paid but small amounts, particularly school grants. Of the grant of \$85,000—\$83,000 for public schools and \$2,000 for the University—they paid in six and one-half months, up to Jan. 15th, only \$18,000; if they had gone on at the same rate the schools would have received about \$34,000 this year. The present Government had found it necessary to pay already \$31,000 to schools during the three months since they took office. If the late Government did not pay to the schools all they were entitled to pay, they chequed out to themselves their salaries which were not due up to the date of their resignation, amounting to \$518. Hon. Mr. Norquay overdraw his salary \$50; Hon. Mr. LaRiviere, \$38; Hon. Dr. Harrison, \$130; Hon. Dr. Wilson, \$100; Hon. Mr. Hamilton, \$100, and Hon. Mr. Burke (laughter) \$100. Some of the amounts named, it is true, were small; and if, under ordinary circumstances, a man who had been in public life 16 or 17 years had only overdrawn his salary \$50, it would seem a very small matter; but the principle underlying the small amount was the same as under a large amount. If it was proper to overdraw \$50, it was proper to overdraw \$500; and, if so, why not \$5,000 or \$5,000,000? Gentlemen occupying such high and honorable positions could not afford to set such an example.

Hon. Mr. Prendergast here interrupted the speaker with the remark that he had been reported to have agreed to share the salary of the late provincial secretary; but it now appeared that the latter had shared his (Hon. Mr. Prendergast's) salary. (Applause and laughter.)

Mr. Norquay observed that so long as one of the two had got the money it was immaterial which one had it.

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Hon. Mr. Jones replied that it might be immaterial if the money had to be paid only once, but the present provincial secretary had made application for his salary covering the same period of time. Hon. Mr. Jones next proceeded to discuss

THE SUPPLEMENTARY ESTIMATES

for the present fiscal year. He called attention to an additional amount of \$100 per member for 33 members for sessional allowance in addition to the \$600 provided in the estimates of last year. This increase was on account of the prolonged session and frequent trips of members to the city to attend to their duties. Besides this, the House was asked to vote \$1,200 for two members who were not in the House when the session first opened, namely, the member for North Dufferin and the member for Shoal Lake; the House was asked to vote for them \$600 each, less the amounts drawn by their predecessors before they left the Province. The total of the supplementary estimate for legislation was \$4,018. Other items in the total of \$14,900 for supplementary estimates included in the treasury department \$11,000, made up almost entirely of interest on account of the larger amounts that had to be borrowed during the year; also \$2,200 for refund of wholesale liquor license deposits which had been in the hands of the Government for some years. Under the present law it was not necessary to make deposits. For "Unforeseen and unprovided," there was estimated \$1,700.

In the next place Hon. Mr. Jones proposed to state as shortly as possible about what position the Province would be in at the end of June, and what amounts of money would be required on the 1st of July to pay up the several accounts the Province would have to meet in order to be entirely clear of debt: Amount due the Lands' Titles office, \$2,700; Court of Queen's Bench, equity side, trust funds which the late Government took over when they ran short, \$26,500; Court of Queen's Bench, common law side, \$5,000; wholesale license deposits, \$2,250; unclaimed monies, \$311.17; Manitoba & Northwestern railway debenture account, \$932.40; Manitoba Southwestern Colonization Railway debentures, \$11,987.25. These were monies held in trust by the Government pending the time when the railway aid bonds would become due. There was also included in the statement as a probable liability the claim of Joseph Williams for a balance due on the construction of the Brandon court house and jail, \$2,637.02; half-breed infants' fund, \$101,267.22. It was the intention of the present Government to pay the amount of the fund as it became due and take the lands as an asset. It was not thought possible in the near future to get for the lands any considerable amount of money; a very large portion had already been paid. There was to be added bank overdrafts, \$76,238.52, and estimated expenditure over

estimated revenue for the months of May and June, 1888, \$30,920.35, making a net total of \$263,683.93; besides which there was the interest to 1st July, 1888, on Hudson's Bay Railway bonds, for which the Province has no security, \$19,225.40. To this was to be added a probable outlay of \$35,000 in order to put the road in such shape as would enable the Province to get the security of the lands.

THE TOTAL LIABILITY

of the Government, to pay up everything, and replace trust funds, was \$317,909.33.

Hon. Mr. Jones regretted that time had not permitted him to go into the question of the assets of the Province as fully as he would have desired; but he would give what he thought might properly be called assets, which were as follows: Capital account, \$3,511,914.77. Manitoba & Northwestern R. R., interest, \$61,252.11; M. S. W. Col. R. R., do, \$239.57; H.B.R., \$12,818.40; Legislative Buildings and Government House, \$284,456; Lands Titles building, etc., \$18,000; Lombard street property, \$5,000; Main street property, \$13,000; marsh lands reclaimed 112,320 acres, \$2 per acre, \$224,640; swamp lands, 70,820 acres, \$35.410, with additional amount not yet properly handed over 29,180, estimated at 50 cents per acre which is probably too low an estimate, \$50,000; half-breed infants' lands obtained by foreclosure of mortgage, \$20,760; half-breed infants' lands covered with mortgages still current, \$13,540. The total estimates placed on lands at present amounted to \$34,300, which showed a very large loss to the province, which would possibly be lessened by keeping the lands for a considerable time. At present he thought the amount given the outside estimate. The lunatic asylum building grounds, etc., value, \$106,794.35; expended in new wing, \$9,590; total, \$116,384.35; eastern judicial district board, \$7,220; total assets, \$4,139,225.22. Last year the amount was estimated at \$6,000,000. The estimate given was exclusive of school lands and whatever money there might be in the R. R. V. R.

The next point discussed was what the present Government had done with reference to

FLOATING THE LOAN

of \$1,500,000, as authorized by the House during the present session. Upon entering the Government as Provincial Treasurer it seemed to him under the peculiar circumstances in which the Government found themselves, that the first duty devolving upon him was, if possible, to make such financial arrangements as would enable the Government at the earliest possible moment to carry out the undertaking of the late Government, to build the R. R. V. R., which was incomplete for want of funds. It appeared to himself and his colleagues and to Manitobans generally, that if the late Government had had at their credit sufficient funds, the difficulties of the construction of the road last

year would have largely, if not entirely, faded away. Probably the obstructions placed in the way were as largely to prevent our success in the raising of the money as any other reason. Therefore it seemed his duty to make arrangements to give the Government sufficient funds to carry on to completion at the earliest possible moment, the Red River Valley Railway; and with that end in view he set out to do what he could. He opened communication very quietly with certain persons where he thought he would be able to make the best possible arrangement. Under different circumstances he did not think he would have been warranted in doing so other than by public advertisement; but under the peculiar circumstances, in view of the fact of information coming to the Government on their taking hold of the reins of office, and in view of the difficulties met by the late Government, it seemed to him that it would have prevented the object in view had they asked publicly for offers, and had it been known from what source they expected to get the money. At the time the communications were opened they believed the same difficulties so far as disallowance was concerned, would meet them, as existed last year; but they believed that were the money got they

COULD OVERCOME THESE DIFFICULTIES.

His particular duty was to obtain the money if possible; and he thought he would be able to show that the course he had followed was the only one that could, under the circumstances, have been adopted with safety to the Province. He had before him, and he looked carefully into it before opening negotiations, the correspondence between the late Government, and those with whom they had been endeavoring to get the money. He desired to make some references here to this correspondence, because, he thought it had a very direct bearing upon the position he had found himself in; and he also desired to place it before the House, because it had been stated by gentlemen on the Government side, that the late Government did not undertake in a hearty manner to get the money, and if they had done so they would have been successful. How the correspondence carried that out, he left it to the House to judge. The first letter was dated Montreal, June 11th, and was addressed to Hon. Mr. LaRiviere. He regretted exceedingly that that gentleman was not in the House, because he had statements to make which he would much prefer to make in that gentleman's presence; but it was no fault of his (the speakers) that he was not here. He would make his statements without reference to whether gentlemen affected were before him or not; he would "hew to the line, let the chips fall where they may." The letter referred to was as follows:—

MONTREAL, 11th June, 1887.
Hon. A. A. C. LaRiviere, Winnipeg:
DEAR SIR,—Have the Syndicate's reply this morning, and would be glad to see you. I should have mentioned that on Saturday all banks and offices here close at one o'clock.

(Sd.) A. T. DRUMMOND.
Following that was this telegram; to which no reply was found:—

OTTAWA, June 14th, 1887.
To Hon. A. A. C. LaRiviere:—

From Montreal.
Shall I send you or wire Winnipeg results, and are you ready to close, or will you be back Montreal.

(Sgd.) A. T. DRUMMOND.
The next telegram was as follows, and was the first correspondence in which a direct offer was made:—

MONTREAL, 16 June, 1887.
To Hon. A. A. C. LaRiviere:—
Have confirmation my offer two and a-half premium: giving your money at par of Exchange. Bonds dated first July; delivery Montreal or New York. Absolutely necessary; get your reply immediately.

(Sgd.) A. T. DRUMMOND.
The reply to the above was as follows:—

WINNIPEG, June 18th, 1887.
A. T. Drummond, Broker, Montreal:—
Your offer accepted at two and a half premium. Money and bonds exchanged at par rate. No commission charges or costs allowed you. Bonds and money delivered at Montreal or New York.

(Sgd.) A. A. C. LaRIVIERE.

MONTREAL, June 18th, 1887.
To Hon. A. A. C. LaRiviere, Provincial Treasurer:
From Montreal.
Kindly cable my expense in two or three words, Morton, Rose & Co.'s acceptance their offer as requested, Saturday.

(Sgd.) A. T. DRUMMOND.
This telegram following the one of the 20th, indicated that the agent in Montreal was becoming somewhat anxious because the Government had not accepted officially his proposals. On the same date the agent wrote a letter from which the following is an excerpt:

The offer of 2½ per cent. premium having been accepted by the Government two days after it came in, the following telegram was sent two days later:

MONTREAL, 20th June, 1887.
To Hon. A. A. C. LaRiviere, Provincial Treasurer:

From Montreal.
On order being passed Monday cable quick to the address Morton, Rose, London, accepting offer and send me first mail for them official statement provincial finances, revenues, expenditures.

(Sgd.) A. T. DRUMMOND.
On the 22nd of June another telegram was sent as follows:

MONTREAL, 22nd June, 1887.
Hon. A. A. C. LaRiviere, Provincial Treasurer, Winnipeg:
I have a cable to-day from London that you had not officially accepted, by cable to Morton, Rose & Co., our offer. This is important. Kindly do so.

(Sd.) A. T. DRUMMOND.
Four days later another telegram was sent, as follows:—

MONTREAL, June 26th, 1887.
To Hon. A. A. C. LaRiviere, Provincial Treasurer:

Dominion Government officially disapproving in London purposes of loan. Our people reluctantly compelled withdrawal. Am writing" (Sd.) A. T. DRUMMOND.

On the next day the following letter was sent:—

Fraser Buildings, St. Sacrament Street,
MONTREAL, 27 June, 1887.

Hon. A. A. C. LaRiviere, Provincial Treasurer
Winnipeg, Man.

DEAR SIR—I regret to say that the Dominion Government officially advised our London friends that it disapproves of the purposes for which this loan is obtained, and that our friends feel that with the Dominion Government opposing them in London it is a hopeless task to float the loan, and that they must withdraw in consequence. I have not yet received copy of the Act under which the loan is to be raised.

(Sgd) A. T. DRUMMOND.

It appeared that the Government did not think it necessary, even yet, that the official papers should reach the agent in Montreal. The agent, it appeared, subsequently presented an account for his services, claiming, the speaker thought, \$20,000 commission. In reply to a letter making the demand the following was written:—

WINNIPEG, 12th July, 1887.

SIR,—I have to acknowledge the receipt of your favor of the 2nd inst. in which you intimate that you look to this Government to reimburse your expenses incurred in attempting to carry through a loan on its behalf.

I was under the impression that you were perfectly aware of the probability of the act authorizing the loan being disallowed, and that your offer was made with the full knowledge of the circumstances under which the bonds were to be issued, and that when you informed Mr. LaRiviere that you would take the bonds at 21 premium, and he wired you back that your offer was accepted he was under the impression that the matter was closed; AND NOTWITHSTANDING SUBSEQUENT OFFERS WERE RECEIVED ONE OF WHICH WAS REALLY BETTER THAN YOURS, THEY WERE DECLINED IN THE BELIEF THAT YOU WOULD SET UP TO WHAT WE WERE LED TO BELIEVE WAS YOUR INTENTION AND PURPOSE, by the telegrams which conveyed to us your last offer.

Under the circumstances I think that the damages if any, are justly due to the Government, for after having concluded in all good faith an arrangement with you, we are subsequently, without any reason, informed that the offer was withdrawn simply because the Federal Government disapproved of the loan, which I think will be held by the courts to be no justification for the breach of engagement by yourself and friends.

I have the honor to be
Your obedient servant,
(Sgd) JOHN NORQUAY.

On the 20th of July Mr. Drummond wrote a letter from Montreal, of which the following is an excerpt:—

"As a fact the Dominion Government took the earliest opportunity by cable to object to their legality, and with such a power in the market against them no London firms could expect anything but failures in floating the bonds. As I wired you we were reluctantly compelled by the action of the Dominion Government to withdraw."

A month and four days after the loan had been arranged for by telegram between Mr. Drummond and Hon. Mr. LaRiviere, the latter wrote as follows:—

Winnipeg, 30th July, 1887.

SIR,—I beg to acknowledge receipt of your letters of 22nd June and 2nd July, respectively re your offer for the purchase of the Provincial bonds in accordance with your proposition, and in answer have to state that I regret that while you were thoroughly acquainted with the situation, I cannot understand that you should now claim to have been deceived and if your friends in London have refused to confirm that offer, I cannot see how you can claim anything for your trouble and as stated by the Hon. Mr. Norquay in his reply to your letter, I think that the Province has a good claim against you for not carrying out your proposition. Our bonds have not been issued yet and we have not offered them since we failed to conclude with you, and I am not in a position to state what the Government intend to do later on, as we have all the money that we require for the time being.

Yours truly,

(Sgd.) A. A. C. LaRiviere.
A. T. Drummond, Esq., Fraser Building, St. Sacrament Street, Montreal.

The speaker desired to call attention to the statements in the above, "Our bonds have not been issued yet." (This was 34 days after the offer had been made and accepted, and 37 days after it had been cancelled; and "we have not offered them since we failed to conclude with you;" also, "I am not in a position to state what the Government intend to do later on, as we have all the money we require for the time being." Hon. Mr. Jones submitted that what had frequently been stated by the opponents of the late Government was proved, and

MORE THAN PROVED

by the letter he had read, that that Government had made no determined effort to get the money;—(applause)—and therefore had made no effort such as was expected of them to complete the R. R. V. R. At the time the letter was written the Government had let the contract for \$780,000, in which it was agreed that the road should be completed by the 1st of October. A very large portion of the money became payable at an early date, because the Government had agreed to pay for a large quantity of material ordered by the contractors from time to time. It was reasonable to expect that by the 20th of July a considerable amount of money would be asked for by those furnishing the material and doing the work. On the 1st July the Government had received the subsidy of \$200,000 and this was all gone on the 6th of August; yet in the face of the fact that \$780,000 was to be paid in a few months, the treasurer of the province writes that he has all the money required for the time being! He (Hon. Mr. Jones) had no doubt that this was the case; for the purposes they intended they had all the money they required; because if they had all that was necessary, if they had floated the loan, it

April 7th.

would have been a necessity to complete the road, which it was not their intention to do last year.

With reference to the loan he (Hon. Mr. Jones) had negotiated, the first definite offer he received was 101, or one per cent. above par; this offer was declined, and after a considerable number of interviews and cablegrams, another offer was made, which, on the 29th of February was practically accepted; that is the Province should sell the bonds for 103. On that date, this letter was written by himself (Hon. Mr. Jones) to Drummond Bros. & Moffat, of this city, acting agents of a London firm :-

"Feb. 29, 1888.

Re loan of \$1,500,000.-

In accordance with our conversation this afternoon I now write to you to say that the Government will accept the price named by you, which was 103 or 3 per cent. premium, money and bonds exchanged at Winnipeg; no commission, or charges or costs allowed; bonds to run 35 years and bear interest at 5 per cent., payable half-yearly; interest to be paid at London, England. This offer to be subject to your acceptance not later than Saturday next. If not accepted, this letter to be returned to me."

Mr. Jones read also the following sentence of a letter from Drummond Bros. and Moffat, dated Feb. 28th:

"We are now informed and are of the opinion that no act of disallowance can affect the validity of your measures, if said measures are availed of or made complete transactions previous to any act disallowing the same."

On the 3rd March the following letter was addressed to Hon. L. M. Jones, Treasurer, re loan of \$1,500,000:

"We are in receipt of cable advices yesterday and to-day, and we accept your official offer of the 29th, ult., and will be prepared to carry out the terms of the same as soon as your Government can complete necessary legislation. We are without letter advice and cannot therefore give you the complete details of the requirements of the London and Hull Syndicate; but we may say that they desire the bonds dated April 1st, 1888; the coupons payable half-yearly; the rate of interest 5 per cent. per annum, and the maturity of the bonds 35 years from 1888. We shall advise you more fully when we receive your letters. The Syndicate is composed of Sir Robert Carden & Co., brokers, London and Clientele; the United States and Colonial Mortgage Co., Clientele and Hull. The Government could not be in better or more powerful hands.

Yours truly,
DRUMMOND BROS., & MOFFAT.

Hon. Mr. Jones proceeded to say that the above syndicate was probably one of the

STRONGEST FINANCIAL INSTITUTIONS

in London, England. Within a few days Mr. Drummond left here very quietly, the speaker did not think, he said, he was going to see his uncle or nephew; and strange to say he got across the ocean before people found out that he was on a financial errand for the Provincial Government. On his reaching London and meeting with his principals he cabled as follows :-

Hon. Mr. Greenway, Winnipeg.-
Get Order-in-Council to pay London Bank one-eighth per cent. per year of amount of interest for paying coupons half-yearly. Bank of Montreal wanted one per cent.

CARDENS, LONDON.

On the same day the following cable message was sent, dated in London, to Hon. Mr. Greenway, Winnipeg:-

"We confirm Drummond's arrangement and are ready to accept your draft or remit money in usual instalments, as soon as your Legislature completes, and transfers can be effected. Are cabling details to Richards. Have strong syndicate here to back your interests."

CARDENS, London."

The Government agreed to give Mr. Drummond time to reach London and fully place the situation before his principals, before they were to receive assurance from them that the arrangement would be carried out. The arrangement was the best ever made in the Province with reference to paying the coupons on the bonds. The city pays Morton, Rose & Co. one per cent. for paying coupons; the Province pays the Clydesdale Bank 1/2 per cent. for paying coupons half-yearly, on all previous debentures of the Province; but the Government were to pay the London and County Bank only 1/4 per cent. for paying coupons on this loan. The annual cost would thus be \$98.75; and the total for thirty-five years, \$3,281.15; the cost on the same amount per year at 1/2 per cent. would be \$385; and the total for 35 years, \$13,125; so that the net saving to the Province in the present arrangement would be \$9,843.85. The arrangement was a most excellent one, and one that he had not thought it possible for the Government to make. Immediately on the House having passed the necessary legislation, and the Lieut.-Governor having given assent to the bill, he (Hon. Mr. Jones) sent the following telegram to Mr. Drummond:-

"Act authorizing loan completed; Order-in-Council passed making interest payable in London; bonds to be domiciled in the London and County Bank. We desire 10 per cent. within five days, a further 10 per cent. fifteen days later; the balance of the first third on the 1st of June; the second \$500,000 on the 1st of July, and the balance on such date after the 1st of July as will make the average date July 1st."

It would thus be seen that so soon as the Government had the authority to make this loan, it was cabled across the ocean and the shortest possible time was given to the parties who furnished the money. The money was on the way, and would be placed to the credit of the Government here in a day or two, as per the above telegram. The bonds will bear interest from the 1st of July; and the first coupons will come due on the 1st of January. The late Government had some experience in floating bonds last year, and he called attention to

WHAT IT COST

to float them. They sold through the Im-

April 7th.

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perial bank \$11,850 worth; and to the
Seminarie de St. Salpice \$50,000, making
\$61,850; handed to Ryan & Haney, \$90,200;
handed to lawyers on account, \$3,000;
making a total of \$154,050. The cost of
selling the \$61,850 worth was as follows:
Personal expenses of Hon. Messrs. Nor-
quay and LaRiviere and Mr. A. H. Ren-
nie, to Ottawa, Montreal and New York,
\$2,680.90; telegrams, \$401.68; advertising,
\$559.82; printing, etc., \$170.10; legal
opinion of Kingsmill, Cattenach
& Symonds, re bonds, \$600; total,
\$3,768.50. Bonds bearing 6 per cent. interest
cost of selling, say 6 per cent., net 94, with
a promise to allow further interest to pur-
chaser here.

The bonds were sold bearing six per
cent. interest, and netted ninety-four
cents on the dollar. This was
what the leader of the late Govern-
ment said he would have been pre-
pared to take for the million dollar
loan, so anxious was he to complete the
construction of the R.R. V.R.

The total expenses of floating the loan
of \$1,500,000 would be less than \$100 for
cablegrams; \$600 for lithographing; and
\$600 for stamping the bonds; or a total not
exceeding \$1,300. None of the present
ministers would get a trip eastward as far
as Montreal or New York. On the 23rd
of February, 1888, the Canadian Gazette
stated that Manitoba five per cents were
quoted at 108 on the London market. The
interest on coupons was payable on June
1st and July 1st, and if the bonds were
sold on the 23rd of February the interest
accruing from Jan. 1st to that date added
to the bonds. On April 19th, less than a
month afterwards, Manitoba five per cents
were quoted at 110 to 112, having risen
four per cent in less than thirty days.

Mr. Drewry—Disallowance had in the
meantime been done away with.

Hon. Mr. Jones went on to say that if
he had been able to expect that the Govern-
ment would have done away with dis-
allowance he would not have entered into
these financial negotiations just at the
time he did. He then believed that if the
money were got and the railway com-
pleted,

THE KEY TO THE SITUATION

would be in the hands of the Government,
and disallowance would be done away.
(Applause.) He proceeded to read the
following extract from the Canadian Ga-
zette of January 19th:—

"Messrs. Baring Bros. & Co. on Tues-
day morning opened subscription lists for
£750,000, Canadian Pacific Algoma branch
bonds, and the response was such that
the lists were closed in two hours, as
much as £5,000,000 having been applied
for. The price of issue was 98½, 5 per cent.
to be paid on application, 20 per cent. on
allotment, 40 per cent. on the 5th March,
and 33½ on the 9 April. Interest at the rate
of 5 per cent. per annum accrues from
January last, a full coupon being payable

July 1 next. The bonds mature July 1,
1937."

The Canadian Gazette of December
17th, 1885, stated that tenders had been
opened for £333,300 Manitoba Province 5
per cent. bonds, the minimum price being
105½; that there were 170 applications
made; and that the total amount was
taken. The value received in the Province
was 97 or 98.

On April 28th, 1887, the Gazette
stated that Messrs. Baring Bros.
& Co. had received applications for
£1,330,000 Atlantic and Northwest Rail-
way bonds; that in a few hours nearly
three millions had been applied for; and
that the price was 103, five per cent on ap-
plication, 20 per cent on allotment, 40 per
cent on the 8th of June, and 38 per cent on
the 6th of July; or the instalments might
be prepaid under discount at 3 per cent
per annum. Interest accrued from the
1st inst. at the full rate, and the net price
of the issue was about 102½. The
same relative value for the pre-
sent Government's bonds would be
101½, so that the Government got 1½ more
for practically the same security.

MANITOBA 5 PER CENTS ROSE

between Feb. 23rd and April 17th, within
one month, 4 per cent. He desired to
point out why the rise took place. He
did not think it was because disallowance
had been done away with, though possi-
bly that might have had something to do
with it. The actual cause of the increase
was shown in an extract from the London
Economist. Mr. Goschen delivered his
budget speech this year on the 9th
of March, about ten days after the
Manitoba Government bonds had been
sold. Mr. Goschen undertook to deal with
the 3 per cents at that time issued by the
Government. His proposals were practi-
cally to reduce within a short time the in-
terest on £558,000,000 sterling by ½ per
cent, which was a tremendous decrease on
the whole of the Government's 3 per cent
loan. The effect on the prices of securi-
ties in the London market was shown in
the London Economist of March 17th,
which commented as follows:—

"The scheme for the conversion of the
national debt, which the Chancellor of
the Exchequer expounded last Friday, has
led to a remarkable advance in the prices
of all first-class securities, to which the
only approach in recent years is the rise
that occurred in 1894, when Mr. Childers
tried his hand at conversion. That there
should be an upward movement in prices
was to be expected, and had been in fact
anticipated to a slight extent for
a week or two prior to Mr.
Goschen's statement, but it must
be admitted that the magnitude
of the actual advance has been somewhat
surprising."

Hon. Mr. Jones went on to give some
figures showing changes in Canadian
bonds during the week referred to. Mani-
toba, 5 per cent. Jan. 7th, 108;

March 3rd, 190; March 10th, 110; March 17th, 112; Winnipeg, 5 per cent., Jan. 7th, 107; March 3rd, 110; March 10th, 110; March 17th, 111. This was the effect of the conversion of these 3 per cents on Colonial securities; to it was due the almost unprecedented rise in Canadian securities. On the 14th of April a decline was shown; and on the 21st of April a still further decline of $\frac{1}{2}$ per cent.

Hon. Mr. Jones said that when the present loan was placed upon the market the financial men of London had had prominently before them the fact of the dangers of disallowance; notwithstanding this, there was a wide difference between the purchase price of these bonds and the offer the hon. gentleman accepted last year. At the time he made the sale last year, on the 16th June, the quotation of Manitoba 5 per cents. on the London market was 109, 111, average 110 on the 11th and 18th of that month—he was quoting from the London Economist of those dates. The quotations at the time of the recent loan were 107, 109, average 108, making a difference of 2 per cent. between the 16th June last, and the 29th of February; yet on the former date the hon. gentleman sold for 102 $\frac{1}{2}$ and he (Hon. Mr. Jones) on the latter date for 103, making a difference in favor of the latter of $2\frac{1}{2}$ per cent., and add to this cost of sending bonds to New York or Montreal and bringing money from there would make the difference nearly 3 per cent.

Six o'clock having been called the Speaker left the chair.

Evening Sitting.

At 8.10 o'clock Hon. Mr. Jones resumed, taking up the subject of the ordinary receipts and expenditures of the province. First he desired to point out from what source the Government expected to get the revenues of the next fiscal year. He estimated that they would receive on account of subsidy \$495,595.74. This as compared with the estimates of last year by the late Government was about \$20,000 less. The actual receipts in 1886-7 were \$435,860.98; for 1885-6, \$441,399.22; and for the present fiscal year ending June 1st, \$420,171.05. This amount was less than what he expected to receive next year, because of the Dominion Government in remitting the annual subsidy deducted such sums as were paid out during the year for surveying swamp lands. The late Government last year estimated the subsidy for the year at \$455,000, which he believed was the amount claimed by the leader of the Opposition as being due per the understanding in the settlement of the better terms. The Dominion Government, however, claimed, and have claimed ever since the arrangement was made, that this position was not the correct one; and in sending the subsidy half-yearly, they did so as they interpreted the agreement, which made a difference of say \$20,000. It was generally

understood by the people of the Province when the leader of the Government made what were known as the better terms, that the Province was to receive about \$15,000 more than previously to that arrangement; but it was found that the amount paid was something like

FIVE THOUSAND DOLLARS LESS.

According to the Dominion Statutes, he thought the Dominion Government's version seemed to be the one the Province would have to accept. This gave the amount of capital as \$3,311,914.77, the amount claimed by the late Government was \$3,422,739.84. The difference was \$110,825.07 as per 47 Vic., chap 4, and the amounts withdrawn since, and certain charges which the present leader of the opposition claimed were not to be charged against the Province. This he (Hon. Mr. Jones) did not intend to deal with, but would leave it to those who possibly knew more about it than he; he accepted the position as he found it. In estimating the subsidy at \$435,000 the present Government did not intend to take only the amount claimed to be due by the Dominion Government, if they could establish what the late Government claimed they were entitled to receive; but they did not think it advisable to place the larger sum in the estimates, in view of the refusal for two years to pay the claim.

The estimate of receipts from the Manitoba Gazette for the next year was \$4,000; the receipts for 1885-6 were \$5,900; for 1886-7 \$7,032; for the present year \$3,525.46, which was somewhat less than the estimate of last year. The amount received from the Manitoba Gazette this season would have been considerably augmented had it not been for the sudden departure of the Queen's Printer, and his taking with him so large an amount. The estimate for next year of receipts from law stamps was \$17,000; the estimate for last year was \$18,000, the actual receipts for this year, \$15,757.50. Last session two acts were passed with reference to law stamps; the first, under which the stamps were sold, was declared ultra vires; the other was brought into force by proclamation, but no stamps were sold for some weeks. The estimated receipts for the coming year from private bills were \$1,200; from liquor licenses \$27,000; the amount received this year from the latter source, with estimated receipts to the 30th June, was \$29,177; this was somewhat larger than the Government was entitled to receive in one year, owing to considerable amounts having been paid in the earlier part of the year which should have come in the last fiscal year. The estimate of interest was \$17,500, including interest on credit balances in the Merchants' bank, about \$8,000; judicial district \$1,500; other small amounts, \$50; advances to the R.R.V.R., \$10,000. It was the intention of the present government to charge interest accrued

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on moneys paid on account of the R.R. V. R. against the road until it is completed and ready for operation. In that, or any other work on which progressive estimates were paid, this was a proper charge against the undertaking until completed and ready for use. The estimate of fees from

THE LANDS' TITLES OFFICE

was \$12,000, or the same as that of last year. The amount received for the present year would be \$10,561; for last year ending 30th June, the receipts were \$8,016, the receipts for the previous year were but \$2,200.50. In view of what has been said he would like to point out the rapid increase of the receipts from the lands' titles office. For the first seven months from December, 1885, to 30th June, 1886, the average receipts per month were \$500; from 30th June, 1886, to 30th June, 1887, twelve months, \$800 per month; for the last ten months, \$1,016 per month. So it was seen that the increase had been very rapid; and no doubt, if the law were left as at present—(Applause)—the estimate of \$12,000 would be considerably increased. But in view of the fact of some doubt existing in the House as to whether the act should be left as it is or a change made, he thought it advisable to keep the estimate somewhat low.

The estimate for receipts from marriage licenses was \$1,200; the estimate for last year was \$2,500. The intention of the Government was to reduce the marriage license fee one half from \$5 to \$2.50. (Great applause.) They thought the sale of marriage licenses should be encouraged in every way possible. He had no doubt this reduction would show at the end of the year that a considerable number more of marriage licenses had been issued this year than in any previous year. No doubt some of the members of the House would take advantage of these cheap rates. (Burst of applause.) If the Government had not anticipated this increase, they would not have been warranted in making the estimate \$1,200, but would have made it, say \$1,100; he thought, however, they could make up the \$100 without going outside of the House.

From Provincial lands the estimate was \$12,000, which was the same as that of last year, the Government no doubt looking forward to the sale of the Cameron property on Main street for the larger part of that amount. The receipts of last year fell short of the estimate, being only \$52.50.

From sundry sources, largely county court fees, there was estimated \$4,500; from fees for the keeping of lunatics paid for by the Dominion Government as coming from the Northwest Territories and Keewatin, \$10,000. The receipts this year from that source were very large, because there was a considerable amount due at the beginning of the year, making the total, if the amount for the

last quarter of the year should be received before the 1st of June, \$19,094.50. Other items were: Central Judicial Board refund, \$7,210; bills receivable, \$500; M. & N. W. R. R., 3 per cent. on gross earnings, \$5,000. He believed that the last item, though provided for by law, had not been collected, and was now placed in the estimates for the first time.

Mr. Norquay asked if the sum given was for this year; Hon. Mr. Jones answered that it was not, but included \$1,500 previously due.

The percentage on the Man. S. W. Col. R.R. gross earnings amounted to \$8,400; this estimate was also higher than the year would give; because nothing had been paid up to the present time. These estimates were based on information furnished by Messrs. Van Horne and Baker. The receipts from municipalities for the keeping of lunatics was estimated at \$15,000. This money had not been received heretofore, although the law distinctly stated that municipalities sending lunatics to the asylum should pay for keeping them. The net receipts from the R. R. V. R. were estimated at \$35,000. The total was \$616,105.14; the total for last year was \$602,107.54.

With a view of ascertaining the actual cost of civil government, or what it took

TO RUN THE MACHINE

and making some comparison between what the present Government proposed it should cost, and what it had cost in the past, he had spent a good deal of time during the past week in endeavoring to make what he believed to be a proper classification, putting into the cost of civil government such items as were not of direct benefit to the people; and under the second head such as were a direct benefit. As some items did not seem to belong to either, he had put them into a third class, as miscellaneous. If he put the same items under the same heads for the different years from 1885 up to the present, he thought this would be fair. For indemnity to members the estimate was \$20,900. There was to be an increase of three members. While the Government had found it necessary to make this increase in order to give fair representation to all the districts; it was felt at the same time that an increased burden should not be placed on the Province, that the cost should not be more than in the past; it was also felt that in future, if the house were called together not later than the 1st of February, and the business was well under way, the session at that season lasting a month or six weeks, the members would be as well paid with a sessional allowance of \$500 as now with \$600 or \$800 coming along so late in the season. (Applause.)

With reference to salaries under the head of legislation, the estimate was \$4,650; that for the past fiscal year was \$7,500. For printing, advertising, etc., un-

der this head, the estimate was \$11,200; the cost for these items in 1885-6 was \$30,545.06; that in 1886-7, \$32,684.89; that for 1887-8, \$17,150, a very material reduction; while that for next year, \$11,300, was \$19,345.06 less than the expenditure for 1885-6, and \$21,484.89 less than that for 1886-7.

The hon. gentleman proposed to point out here one or two reasons why the printing had cost so large an amount in 1885-6-7; also to point out what he thought the House would agree was irregular with reference to the mode by which printing had heretofore been paid for. The statutes of 1887, Cap. 20, Section 74, pointed out as follows, under what circumstances advances on printing might be made:—

"No payment shall be authorized by the auditor in respect of work performed or materials supplied by any person in connection with any part of the public service of Manitoba unless, in addition to any voucher or certificate, which may be required in that behalf, the officer under whose special charge such part of the public service is certifies that such work has been performed or such material supplied, (as the case may be) and that the price charged is according to contract, or if not covered by a contract, is fair and just."

ADVANCES IN VIOLATION OF STATUTE.

He found that on the 16th January last—very close to the date when the late Government stepped down and out—they paid the Canadian Publishing Co. \$1,000 as follows: On account of statutes of 1888, \$400 (none delivered); bills, \$250 (none delivered); votes and proceeding, \$75 (one copy delivered); orders of the day, \$25 (one copy delivered); journals, \$100 (none delivered); sessional papers, \$150 (none delivered). Five bills were handed to the translator on the 12th January, and two on the 13th; no more until the 17th. It was safe to infer that but little, if any French printing had been done on the 16th. Advances under those circumstances were in direct contradiction to the terms upon which they might be made. He found also that there was an advance made on the 14th of January, and it was drawing pretty close to the date when an election took place close to the city. The advance was of \$400 paid on account of printing the public account. He found that three pages (presumably the title page and the letter addressed to His Honor) were sent by the Queen's printer, G. Bourdeau, to the Tribune Review, to be printed on Dec. 30th, 1887. The first few pages of the MS of public accounts proper, were sent on Feb. 8th, about 25 days after that advance of \$400.

Attention was next drawn to another little printing matter which had cropped up very unexpectedly and came very prominently before the Provincial Treasurer within the last few weeks. A great deal was said during the general election of December, 1887, in reference to the printing of the reports of the Department of Agriculture, Statistics and Health.

(Hear, hear.) This report came out, in the opinion of many, at a date later than it was desirable it should appear, if it was to be of any considerable benefit. Others said that it would be read with just as much interest four or five years after that date as if it came out at the close of the year. He proposed to show

WHERE THE PRINTING HAD BEEN DONE

under what circumstances, at what cost to the Province, what company did the work, and what it actually got for that work. He again had to express his regrets that the member for St. Boniface, the late Provincial Treasurer, was not in his place. He had seen that gentleman in the House at 3 o'clock, and fully expected from time to time that he would take his seat on the floor of the House. For some reason he had been unable to do so. He would be obliged to allude to certain matters in the same manner as if the hon. member were present. The English report for 1882 of the department referred to was printed by the Government (2,500 copies), the work being done by the Gazette Printing Co. of Montreal, and paid for in 1883, the cost being \$1,721.08; this appeared to be quite regular. The English report for 1883 did not appear to be quite so regular in the interests of the Province. He found that the total cost of the work for that year was \$4,896.93, which amount was paid in 1885 to the Times Printing Co., of Winnipeg, in four several cheques, dated Feb. 25, March 23, April 2 and July 12. In addition to paying this to the Times Printing Co., he found that the Government paid \$79.30, cost of freight on the work after it was done, from Montreal to Winnipeg, making \$4,976.23. The work was actually done by John Lovell & Sons, Montreal, who have billed the present Government for a balance of \$4,132.90, claimed to be still due them. The latter circumstance brought to his (the provincial treasurer's) notice the facts now stated. The actual cost of the work, as per account rendered, was \$2,132.90, including the express charges; and this should have been paid to John Lovell & Sons for work for which the Province paid \$4,976.23 to the Times Printing Co., who made the payments to the former.

With reference to the French printing, it was found that there was billed to the Government by the Canadian Publishing Co. the printing of the report of the Department of Agriculture, Statistics and Health for 1882. The total paid by the Province for the work was \$1,940.71; but this also was done by John Lovell & Sons, Montreal, and the actual cost amounted to \$755.50; so that the Canadian Publishing Co. made a profit of \$885.21, or considerably more than the cost of the work itself. The report for 1883 was printed at a total cost to the Province of \$5,383.70 which was paid for in five several cheques during 1885-6-7, the bulk of it being paid in 1887.

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A PROFIT OF \$4,139.20

to the Canadian Publishing Co. It would seem that, with a profit like this, that company could at least have afforded to pay the freight and get the work back to the city; but he supposed they (or he, for he believed that Hon. Mr. LaRiviere was the company) concluded that the margin was so small that the Province could better afford to do so than they could.

The total steal, as the Premier called it, was as follows: Total cost to the Province, \$13,723.72; actual cost of the work, \$8,268.08, \$4,000 of which was paid by the Canadian Publishing Co., and the balance by the Times Printing Co. The report printed in English in 1882 was contracted for by the government direct, so that in this there was no steal. The English and French reports for 1883 were the ones supposed to have been let to the two local companies mentioned, the profits on the actual cost of these amounted to \$7,457.64; that is if they had to pay to John Lovell & Sons the balance which the government was now asked to pay, and which he was satisfied from the correspondence they would have to pay \$465.70. The order was given by the Queen's printer to John Lovell & Sons, and the correspondence of that firm was with the department of agriculture. He found that they charged for 250 copies of the French report more than the province received; 250 copies were billed to the government, and sent to St. Boniface to be put into the Statutes, and never returned; so that the government never received any of the 1,500 copies though 500 copies were bound and received. He found that the item for freight in bringing these reports here went through the auditor's books as "freight on reports of the Agriculture, Statistics and Health department," the report of the public accounts committee laid before the House contained a similar entry; but when it was got ready for the printer, and before it was printed, it was shown to the late provincial treasurer (the minister of agriculture, statistics and health having moved to that office in the interim); and he saw fit to change this particular item to "freight on books." He (Hon. Mr. Jones) had no doubt the change was made so the item would not be understood; and so that it would be paid without being found out.

THE CORRESPONDENCE

In connection with this showed that the contract, in so far as John Lovell & Sons were concerned, was given to them direct by the Government. The first letter, dated Sept. 24th, 1884, and signed by Gideon Bourdeau, Queen's Printer, and addressed to Messrs. Lovell & Son, Montreal, was as follows:—

"I beg to inform you that I have forwarded to you this day, per Dominion

Express Coy., the copy for the report of the Department of Agriculture, Statistics & Health, for 1883, together with maps and cuts for same. I enclose copy of instructions received from the Deputy Minister as to the general setting up of the report; and a copy of the report for 1882, mentioned in instructions, will be forwarded to you by to-night's mail from the department. Please see that the proofs are sent regularly as per enclosed instructions."

On Oct. 24th, 1884, a telegram was sent to John Lovell & Sons signed "A. A. C. LaRiviere" (not his official signature), "Get report eighty-three translated into French; 750 copies report in English, additional, will be required for journals. Have written."

On the same date Mr. LaRiviere wrote a letter, which began as follows: "On receipt of your telegram to-day stating that you could get the report of this Department for 1883 translated into French at the rate of seventy-five cents per page, I wired you to have the work done. The French edition is to consist of 500 copies." The letter was signed "A. A. C. LaRiviere," in his own writing; the words "In this department" were to be noted.

On November 13th, 1884, Mr. LaRiviere wrote: "I have expressed to you to-day the French manuscript of the report of the department for 1882, of which 500 copies only are to be printed." The remainder of the letter gave directions as to the style of printing, &c., and continued, "You will send the final revised proofs here for examination." Another sentence was, "You are sending the proofs of the English report for 1883 very slowly. I find that only about 50 pages have as yet come to hand. Please push along all you can."

On November 17th, 1884, a letter went, written on official paper of the department, and signed, "Acton Burrows, Deputy Minister." It was dated, "The Department of Agriculture, Statistics and Health, Winnipeg, Manitoba, November 17th, 1884." It gave directions regarding the printing of the covers.

Various other telegrams and letters were read by Hon. Mr. Jones, establishing that the work was contracted for by the Minister of Agriculture, Statistics and Health in his official capacity, while pretending to give the work to local companies whose profits were over \$7,000, while, had the Minister done his duty and given the work to John Lovell & Sons, it would have actually cost the province \$4,465.

Mr. Leacock asked if the documents produced were the originals. Hon. Mr. Martin crossed the floor of the House to show them to the member, while Mr. Jones went on to state that in tracing the matter he had had to ask for the official correspondence.

REDUCTIONS IN COST OF LEGISLATION.

The total cost of legislation in 1885-6

was \$66,794; in 1886-7 \$72,016. The Government had gone over the estimates of the cost of legislation for next year most carefully and he had no doubt that they were ample, and more than ample; the total was \$42,935, or less than the amount spent in 1885-6 by \$23,800, and less than the amount spent in 1886-7 by over \$29,000.

In the Executive Council Department the estimate for salaries was \$2,800 against \$4,300 in 1886-7. The total reduction was \$3,850.

In the Treasury Department the estimate for salaries was \$5,900; an increase of \$400 over the estimate of the late Government for the present year. In 1886-7 the cost for salaries in this department was \$7,851.10. The position of the Treasury Department when the present Treasurer took office had been shown; there had been no entries in the cash book for fifteen months, and a great deal of work had accumulated: this was the case when the estimates were reduced from \$7,800 to \$5,400. It was a mystery what the department proposed to do with \$5,400, when they could not keep up the work with \$7,800; and when in 1886-6 the total cost for salaries was over \$9,000. The only explanation seemed to be that, finding they could not with a large expenditure overtake the work, they concluded that they would reduce the salaries largely, and

DO NO WORK AT ALL.

(Laughter.) He did not wish to convey to the House the impression that the officials in the treasury department were not efficient, or did not work properly. On taking charge he had found them to be, he believed, as good as the Government would ever have. He had never had charge of any office in which he had found officials more anxious to see the work in proper shape, or who understood their duties better. He was sure that if they had had a head who worked properly, or had been allowed to do the work themselves, having no head at all, they would have had the work in a very different shape.

Reverting to the question of printing, Hon. Mr. Jones said there was an item which he had overlooked, an account of \$673.75, which the Province had paid, but for which it had never received any return. It consisted of some 30 different items, including, principally, a list of private bills (1887) of which the printing was charged by the Canadian Publishing Company, but which were never received by either the Queen's Printer or the Clerk of the Legislative Assembly.

In connection with the telegraph and telephone service, Hon. Mr. Jones mentioned what, he said, had seemed to him a rather amusing circumstance. A bill came in asking for payment for a telephone in his department. A voucher was made out by the deputy treasurer; but

when it went to the auditor he said there must be a mistake, as the telephone in the treasurer's office had been paid for. He (Hon. Mr. Jones) then went to the deputy treasurer, pointing out that it was rather awkward to send a voucher through for an account that had already been paid. The latter replied that he was satisfied it had not been paid. On looking into the matter he was satisfied that the auditor had arrived at his conclusion because a telephone had been paid for and charged to the department; but the telephone was in Mr. LaRiviere's house in St. Boniface. He then asked for a statement showing if there were other telephones charged for that were in private houses; and as a result he held in his hand a detailed statement of charges for all telephone services since 1883, showing in what offices the telephones were used. The total cost of telephones paid for by the Government up to ten days ago was \$3,488.73. He found that telephones in private residences and other places where they had no business to be had cost the Province \$980.35. These telephones were

FOUND IN PRIVATE RESIDENCES

and paid for as follows: Hon. J. A. Miller, private residence \$30, private office, \$60, total \$90; Hon. C. E. Hamilton, \$60; Hon. C. P. Brown, \$192; Mr. Constantine, \$67.50; the member for St. Andrew's, \$58; Hon. A. A. C. LaRiviere, \$285. (Laughter and sensation, during which Mr. McKenzie accounted for the greatness of the last item by remarking "He had it in both languages." This brought down the House, and the Hon. Provincial Treasurer was obliged to sit down until the paroxysm of laughter was over. He then proceeded: Acton Burrows, Deputy Minister of Agriculture, Statistics and Health, \$139.50; private line to the Call office, \$15; A. H. Rennie, \$72. (Loud laughter.)

In dealing with the estimates in the Provincial Secretary's Department, Hon. Mr. Jones mentioned, in connection with the item, "Manitoba Gazette, \$2,000," that it was intended to somewhat lessen the uses hitherto made of the Gazette, thereby making the cost somewhat less, and at the same time lessening to some extent the receipts. Passing briefly over the proposed reduction of \$4,900 in the Attorney-General's department, and explaining that the small estimate of \$250 for the railway commissioner's department was merely to cover the expense of telegraphing and some incidentals, the department having been amalgamated with the Attorney-General's department and placed under the official who managed the lands branch office, he next took up the Agriculture, Statistics and Health Department. He compared the proposed aggregate of \$5,400 for salaries with the expenditure last year, of \$5,074, and that of the year before, of \$8,900, showing that the decrease was \$3,500, in the one case and \$2,674 in the other. The printing of the report of

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the Agriculture, Statistics and Health department, seemed to be a dangerous thing for the Government; and it was proposed to drop it entirely.

In 1883-4-5 there was received from the Dominion Government \$2,500 per year for furnishing agriculture and health statistics; in 1886 the Government here were notified that it was not desired to continue the arrangement; and that amount was not now received. He desired to call the attention of the House to the fact that the cheque for the payment for 1884 left Ottawa on the 20th of February, 1885; it arrived at the Department of Agriculture here on March 3rd, 1885; and reached the treasurer's office June 30th 1885; that is 119 days after it had reached the department of Agriculture across the hall. It seemed curious that it should have taken so long; and he found it necessary to send to Ottawa for a duplicate cheque, which he now held in his hand with the signatures and endorsements. The face of the cheque showed that it issued 20th Feb. 1885, was for \$2,500, was for agricultural and industrial statistics and was signed by Mr. Lowe, Ottawa. The back of the cheque showed that it was endorsed by Acton Burrows, Deputy Minister of Agriculture, Statistics and Health. Where it had gone between March and June

DID NOT APPEAR;

but the money was evidently used for private purposes with the interest \$48.00. The money was abstracted, used illegally and returned 119 days after it had been received; or just in time to get it in the financial year.

The payment for 1885 was dated Ottawa, June 17, 1886, it reached the Winnipeg Department of Agriculture June 21, 1886; but did not reach the treasurer's department until Feb. 18th, 1888, after the present Government came into office. The Government found that the money had not been paid by the Dominion Government; and, being hard up for money and looking about for accounts to collect, thought proper to ask for it when they were told it had been paid. The correspondence led on to other information from time to time until these details came under his (the Provincial Treasurer's) notice. On the back of the cheque was the endorsement of A. A. LaRiviere, and under his signature was that of Acton Burrows. That cheque was 607 days in crossing the hall from one department to the other; and the interest at 6 per cent. amounting to \$249.49 was lost to the treasury. The amount was handed to the deputy treasurer in the Merchants' bank on Feb. 18th in cash, without any statement, Hon. Mr. LaRiviere handing it to the deputy treasurer in the presence of a witness. He (Hon. Mr. Jones) wrote to Mr. LaRiviere for an explanation, but never received a reply.

Referring to the subject of

MARRIAGE LICENSES,

Mr. Jones read the following letter from

the special auditors, Messrs. John McDonald and Alex. Moffat, dated 12th April, 1888:

"We have the honor to make this special report on the following matters which you will find included in supplementary statements of assets and liabilities, accompanying our interim report dated the 7th inst., viz: The balance of \$581.55 at credit of the Board of Agriculture (now abolished) bearing no interest, might with advantage, to the extent of interest, be transferred to the general funds of the Province. The marriage license act, clause 14, might be so amended that the fees collected be in future paid in at once to the Treasurer, instead of "at the end of each fiscal year" as at present directed. The fees so collected from the commencement of the current fiscal year to the 16th January last, amounted to \$1,294.50, and 1 on deposit in the Imperial Bank, bearing 3 per cent. interest. The interest credited to the account kept in the name of the "Minister of Agriculture, Statistics and Health," amounting in the aggregate to \$42.11, appears to have been regarded as a perquisite belonging to the chief clerk, Mr. A. W. Johnson, and drawn out by him on cheques signed by the Hon. D. H. Harrison, as Minister of Agriculture, Statistics and Health. The cheques are handed you herewith. Immediate steps will no doubt be taken to have all these amounts placed in the hands of the Provincial Treasurer, and we would now repeat our strong recommendation to have all revenues paid into the treasury, which would prevent irregularities and effect a considerable saving in interest."

In connection with the auditors' report was a statement of Imperial Bank cheques signed by D. H. Harrison for various amounts, the 1st dated June 30th, 1887, in favor of the Provincial Treasurer for \$2,406.50; then, June 2nd, one payable to A. W. Johnston for \$10.35; June 3rd, to the same, for \$31.75. Thus it was shown that the interest accruing on the moneys were not paid to the Province, but considered, not only by the official, but by the Minister of the Department, as due to the persons in the department. Considerable amounts were found to have been paid out in the same way, from the same fund:—Dec. 4th, 1885, cheque, \$50.05; June 4th, 1886, cheque, \$24.86; June 3rd, 1887, cheque to A. W. Johnson, \$31.76; Jan. 2nd, 1888, cheque to A. W. Johnson, \$10.35; total, \$123.02. The first of these were not available, nor was the bank book, so that there was no way of tracing these particular moneys except by going to the bank. The law in 1884

WAS VERY CLEAR

with reference to marriage license moneys; he referred to Cap. 10, section 42, which provided that "The amount so paid to the said department shall be credited to the issuers by whom paid, and shall be forthwith handed over by the department to the Treasurer of the Province." In 1886 it was thought desirable, evidently, that this law should be changed; and in Cap. 41 section 5, the word "forthwith" was struck out, and instead the words "at the end of each fiscal year to form part of the consolidated revenue fund of the Province," were inserted. That law was as-

sented to on the 8th May, 1886; it was clearly drafted for a purpose, to enable the Minister to manipulate the fund for his own purposes until the end of the year. If the law up to May 8th, 1886, had been carried out, the Minister should have handed over promptly all moneys as they were paid in; but, instead of that, he kept them in his own department. Appended to the report of the auditors as above given was the following statement:

"The following amounts have been drawn from the Department of Agriculture, Statistics and Health account in the Imperial Bank: Feb. 27th, 1886, \$1,000; April 3rd, \$1,000; April 30th, \$300; May 10th, \$400; May 27th, \$550; in all, \$3,450, which sum was not re-deposited to the credit of the account until July 10th, 1886. This circumstance accounts for the fact that the marriage license moneys for the fiscal year ending June 30th, 1886, was not paid over to the Provincial Treasurer until July 12th, 1886."

When the law was changed in May it became necessary that the money should be handed over at the end of the fiscal year, 30th June; but it was not convenient to hand it over then. According to the public accounts for years 1886-7 there was not a dollar paid for marriage licenses, the minister was not able to repay the money. It came into the treasury ten days too late to be included in the accounts for that year. This showed conclusively that the law was changed in 1886, so that the moneys would not require to be dealt with until the end of the year, for the purpose of covering up transactions that had already occurred in the office.

The estimate of expenditure for the Police Department was next taken up, and the amount, \$1,500, was compared with the cost of management of the department in 1885-6, \$7,384.65; in 1886-7, \$3,164; and in the present year, \$5,900. The cost for next year was estimated at \$1,500 because it was not the intention of the Government to keep so large a staff of provincial police as in the past. It was intended that

NOT MORE THAN ONE CONSTABLE

should be kept here, but that local men should be appointed in different parts of the Province to do the work as necessity arose. On the 3rd of April, 1888, the special auditors reported as follows:—

"We have the honor to hand you herewith a statement showing the balances of the different accounts on the books of the provincial police and license departments as far as the information at our disposal enables us to establish them. The Hon. the Attorney-General has communicated with the different municipalities with the view of ascertaining the number of hotels, etc., licensed in each during 1886-7, and when replies are received the account of Chief Tupper may be increased. The office work in these departments, commencing with the introduction of the present license act in 1886, has been conducted in the most reckless manner. No attempt was made at keeping proper books to account for receipts and disbursements; nor was there a reliable or complete register of li-

censes kept, making it impossible to tell with any degree of certainty, who had received licenses and who had not. The transactions of the office were noted on slips of paper, many of them without dates, and these were found, some in envelopes, but most of them thrown loosely in drawers, pigeon holes and elsewhere about the two offices. From these slips a set of books had to be constructed, which occupied a great deal of time, and leaves a most unpleasant doubt as to whether all the transactions have been accounted for. We found express envelopes and slips showing amounts aggregating \$440 license money which was not accounted for to the Treasurer, although they should have been paid over promptly on receipt. Those we have charged up to Chief Tupper and credited to the Treasury Department. We have already suggested to the Attorney-General that all moneys should be paid directly to the Treasurer and we would now respectfully repeat the suggestion in order to prevent the possibility of a repetition of the extraordinary negligence hitherto displayed in dealing with the affairs of these departments."

The law in regard to license moneys was very clear. In Chap. 21, section 132 of the Statutes of 1886, it was provided that a prosecution fund, consisting of ten per cent. in addition to the amount paid to the Provincial Treasurer for each license, and half of all fines collected under the act, "the Chief Inspector shall be Treasurer, and shall keep a due account thereof, and the said fund shall be audited once in each and every year by such person as the Provincial Treasurer may appoint;" also, "all inspectors shall make the return of all expenses incurred by them in connection with this fund verified by statutory declaration; provided always that if at any time a sum exceeding \$500 be to the credit of the fund, the Chief Inspector shall deposit all the money above that amount to the credit of the Provincial Treasurer, and the same shall not form part of the consolidated revenue fund, but shall form a separate fund to be paid out again by the Provincial Treasurer as required for the purposes of this Act, provided always that all payments made in connection with this fund shall be with the consent and approval of the Provincial Treasurer."

Chief Tupper was shown to have received and disbursed funds amounting to \$7,568.87, less about \$100, cash on hand taken over by the auditors and paid by them to the Provincial Treasurer \$146, leaving \$7,422.87. Though the act required the Provincial Treasurer should authorize all expenditures, these sums were spent without reference to him, and there was nothing to show whether properly or improperly. Not a single dollar had the Treasurer's authority for its payment.

Proceeding with the discussion of the estimates for the next fiscal year, Hon. Mr. Jones stated that the amount for

CIVIL GOVERNMENT

was \$173,055, the amount expended in 1886-6 as the cost for

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running the machine had been \$230,844.84 or \$56,789 more than it was calculated to cost next year. The total cost for the year ending June 30th last, was \$267,113.43, exceeding what it was proposed should be the cost for next year by \$24,068.42. In the session of 1886 a resolution was moved by Mr. Greenway, seconded by Mr. Winram, that in the opinion of the House the estimates could be so reduced as to effect a saving of at least \$50,000. The resolution was voted down, receiving the support of only the "historical eight", Messrs. Bell, Conklin, Greenway, Hay, Jackson, Martin, Winram and Young. He (Hon. Mr. Jones) had just shown that the Government had made a reduction of \$90,000 instead of \$50,000 and he was quite sure that the estimates were ample.

As to the moneys voted to go more directly in the interests of the people: first, in the Provincial Secretary's Department, the estimate for public schools in 1885-6 was \$60,000; in 1886-7, \$65,000; in the present year \$83,000; and next year it was proposed to give \$120,000, or \$55,000 more than was given last year, and \$60,000 more than the year before.

To electoral division agricultural societies there was given in 1885-6, \$6,000; last year \$6,300; this year the estimate was \$6,000, and it was proposed to increase the amount to \$10,000.

For immigration there was given in 1885 \$2,185; in 1886-7 \$5,248; there was estimated for this year \$7,500, and for next year \$10,000.

The expenditure for drainage in 1885-6 was \$27,500; in 1886-7, \$23,400; the estimate for the present year was \$25,000; and it was proposed to devote to this source next year \$10,000. It was not the intention of the Government to continue the same system of drainage; they did not consider it fair that those portions of the Province not requiring drains should be charged for digging drains in other parts where there was necessity for them; but instead it was intended to charge the properties benefitted, to have valuations made and debentures issued on the lands, spreading over a number of years, so that the owners would be enabled to overtake the payments without being burdened. As the lands would.

BECOME SO MUCH MORE VALUABLE

if drained the additional products would more than pay the difference. It was not proposed to dig any political drains, as the Attorney-General observed.

It was proposed to give \$80,000 in cash as direct aid to rural municipalities; and in addition, to give special aid amounting to \$11,400. This special aid was the amount to be collected from the M. & N. W. and Man. S. W. Col. Railways, being 8 per cent. on account of gross earnings; it would be distributed to the particular municipalities affected by the land locked up, and in proportion to the amounts of

such lands which would be averaged by the Government.

The estimate for bridges and public works was \$20,000 for next year, or somewhat less than the estimate for this year, which was \$30,000, but was considerably more than the sum expended in 1885-6.

The total amounts of the grants thus gone over, of money going directly to the people, were, for next year, \$237,793.50; for 1885-6, \$167,034.52; for 1886-7, \$199,031.67; and for the present year, \$214,000.

The documents showed how difficult it was to make an audit. In connection with the audit of the Queen's Printer's department, it was generally known that

THE LATE MR. BOURDEAU,

Queen's printer, departed about the time of the election in LaVerandrye. Intimating to the Government, it was said, that he had a very nice horse he proposed to drive out and bring in the state of the poll. While he was out on his holiday the Provincial Treasurer was writing a strong letter urging him to pay in amounts long since past due; but it was to be regretted that the letter never reached him as he never returned with the result of the election.

A report from the special auditors in reference to the accounts of the Queen's printer, stated that he had made no entries at all from June 30, 1885, to Feb. 14, 1886, the department was directly under the minister who could scarcely help being cognisant of the facts. The total amount of the defalcation was computed at \$13,301.01, which result was attributed to there having been no book-keeping in the department for three or four years. Taking up the head of

MISCELLANEOUS EXPENDITURES

Hon. Mr. Jones discussed the following items:—Interest on loan \$75,000; refunds \$1,000; for completing a new wing of the Lunatic Asylum \$10,000, of which \$4,000 was practically a revote; cost of civil government, \$173,055; public service, \$237,793.50; miscellaneous, \$114,700, and other sums making a total estimated expenditure for next year, of \$578,123.50, against a total of estimated receipts of \$616,105.74. After providing for \$85,000 greater expenditure to go to the public, and providing for the interest on the \$1,500,000 loan, \$75,000, there was still a surplus of estimates of receipts over expenditures of \$37,907. Last year the Government had power to make a loan of a million dollars; but no estimates of the expenditure of that amount or for the payment of interest on it, of \$50,000 were provided. In considering the receipts and expenditures and comparing the present with the next fiscal year, it would be desirable to keep the loan in view. It was not necessary that this should be placed in the estimates; but the public in reading would better understand the estimates and ex-

penditures, if all obligations of the Province were shown on both sides, and with that end in view he had so placed the sums in question. There were other items which would have to be dealt with in committee where they could be more properly discussed.

In conclusion, the hon. gentleman thanked the House for the patience and attention with which they had listened to him. He then moved that the House resolve itself into committee of supply. He was tremendously cheered as he resumed his seat, having spoken four and a half hours.

For the benefit of the reader the figures given above by Mr. Jones are presented below in a condensed and tabulated form:—
Cost of Civil Government.

	Expended 1886.	Estimated 1887.	Estimated 1889.
LEGISLATION,			
Indemnity.....	\$ 21,398 30	25,082 70	31,550 00
Salaries.....	6,808 80	7,211 15	4,650 00
Expenses.....	2,482 22	2,508 04	1,600 00
Printing.....	28,022 34	30,178 85	9,000 00
Translating.....	4,438 66	3,081 45	2,235 00
Audit Office.....	3,623 78	3,936 14	3,300 00
Library.....			
Total.....	\$ 66,794 00	73,016 33	42,935 00
EXECUTIVE COUNCIL.			
Salaries.....	\$ 2,842 50	4,300 00	2,900 00
Expenses.....	418 31	14,942 27	1,050 00
Total.....	\$ 2,760 81	10,242 27	3,350 00
TREASURY.			
Salaries.....	\$ 3,140 00	7,851 10	5,900 00
Expenses.....	7,988 39	1,950 20	2,425 00
Total.....	\$ 17,128 39	11,901 30	335 00
PROVINCIAL SECRETARY.			
Salaries.....	\$ 7,900 00	8,030 32	5,000 00
Expenses.....	5,500 78	9,840 98	3,450 00
Total.....	\$ 13,400 78	17,871 30	9,050 00
AGRICULTURE.			
Salaries.....	\$ 8,900 00	8,974 91	5,400 00
Expenses.....	2,821 45	1,827 67	950 00
Diseases of animals.....	8,076 13	6,890 66	3,500 00
Health administration.....	2,018 78	1,197 90	1,000 00
Statistics, etc.....	754 26	1,016 49	750 00
Total.....	\$ 22,570 62	19,107 63	12,750 00
ATTORNEY-GENERAL.			
Salaries.....	\$ 7,400 00	7,122 00	5,850 00
Expenses.....	4,079,28	3,038 23	1,300 00
Court of Queen's Bench.....	18,460 65	18,326 08	11,000 00
Surrogate and County Court.....	6,649 27	3,634 15	2,170 00
Land titles office.....	7,918 91	7,384 80	12,350 00
Crown prosecutions.....	13,843 11	9,232 24	3,400 00
Maintenance of court houses, sheriff, constable, treasurer, etc.....		32,144 65	32,000 00
Provincial Police and Moons' dept.....	11,880 26	6,687 12	3,200 00
Police magistrs.....	1,843 21	2,000 00	1,900 00
Total.....	\$ 72,073 79	91,709 08	73,670 00

* Paid by judicial board by direct taxation.

PUBLIC WORKS.

Salaries.....	8,400 00	8,327 30	5,200 00
Expenses.....	1,126 55	905 41	545 00
Maintenance of gov't buildings.....	21,223 30	21,134 60	12,500 00
Messengers, employes, etc.....	3,760 00	4,300 00	3,180 00
Total.....	35,115 85	35,265 51	22,475 00
Grand totals.....	\$39,844 84	\$38,763 42	\$173,035 00

Public Service.

GRANTS MADE DIRECTLY TO PEOPLE.

	1886.	1887.	1889.
Grant to E.J. Board.....	\$6,000 00	\$	\$
Man. Rifle Ass'n.....	250 00	250 00	250 00
Historical Society.....	250 00	250 00	250 00
Aid to Drill shed.....	1,000 00		
Pet Stock Club.....	100 00		
Man. University.....	1,000 00	1,000 00	2,000 00
Prairie Fire Board of Agriculture.....	5,089 59	2,500 00	
Provinc'l Exhibition.....	7,410 41	9,910 00	
Elec. Div. Ag. Societies.....	6,000 00	6,300 00	10,000 00
Dairy Instruction.....	591 20	2,292 05	250 00
Provinc'l Exhibition.....		5,000 00	
Gen'l Statistics.....			500 00
Aid to cheese factories.....			1,000 00
Collection of Exhibits.....	9,721 75	11,879 13	8,848 50
Hospitals.....			1,250 00
Children's Homes.....	2,195 60	5,248 94	10,000 00
Immigration Asylum.....	22,148 09	24,079 61	22,645 00
Maintenance of courthouses and gaols.....	2,310 78	7,830 12	6,350 00
Inspections.....	4,787 05	5,643 43	1,000 00
Advertising & Printing.....	431 95	441 67	50 00
Drainage.....	27,589 15	23,452 96	10,000 00
Bridges and Pub. Wks.....	9,127 45	17,752 70	20,000 00
Aid to municipalities.....	1,101 50		60,000 00
Special Aid municipalities.....			11,400 00
Education.....	60,000 00	65,000 00	120,000 00
Total.....	\$ 167,034 52	\$199,031 07	\$287,793 50

Miscellaneous Expenditure.

	1886.	1887.	1889.
Elections.....	\$ 11,719 42	\$ 10,519 0	\$ 14,000 00
Mis. Interest on debentures.....		3,984 43	10,000 00
Half-breed mortgages.....	11,240 94	41,077 13	75,000 00
Museum.....	283 30		
Building asylum.....	62,371 80	35,870 69	10,000 00
Lithographing.....			1,200 00
Bonds.....			3,500 00
Building vaults, etc.....	3,689 30		

Govt. House greenhouse				
Building im- migration office.....	1,494 70			
Indian and Colonial Ex- hibition.....	523 00			
Marriage Lic- ense Fees.....	454 40			
Refunds.....	3,323 00	2,380 00		
	1,301 05	921 77	1,000 00	
Total.....	\$ 94,885 09	\$ 96,248 12	\$ 114,700 00	
Recapitulation.				

Civil Govern- ment.....	\$29,844 24	\$27,113 42	\$173,035 00	
Pub. Service	127,034 52	129,031 07	237,793 50	

Miscellaneous	94,885 09	96,248 12	114,700 00
Municipal Commission	} paid by municipalities { 1,400 00		
Ry. and Land Dept.....		650 00	1,350 00
Total.....	\$491,754 45	\$563,043 21	\$578,198 50
Revenue.....	\$455,335 80	\$506,890 30	\$516,105 74

NOTE.—The estimates of 1888 are not compared, from the fact that the Norquay and Harrison Governments were in power about six and a half months, followed by the Greenway Government. Hence a fair comparison could not be arrived at.

MR. NORQUAY.

As Reported by the "CALL."

Mr. Norquay in rising to reply said he could not disguise from himself or from the House the fact that he felt in a position scarcely ever preceded by any one who had at any time occupied the position of First Minister. He deplored the absence of his former colleagues, who should have been in their places in the House to take their share of any credit or any blame that might be given in respect of the acts of the late ministry. He felt that he stood alone on the floor of the House, deserted by those who should have been beside him, to give an account of his actions and to bear the responsibilities. In the course of the long exposition of Mr. Jones in regard to the finding of the auditors, that gentleman had made much of the state of affairs in the departmental work of the late Government, but with any government which remains for a long time in office similar flaws might be found. He regretted to learn, as he did now for the first time, of certain transactions by his colleagues, and if those gentlemen could not make a satisfactory explanation of the alleged misdeeds he should be obliged to join in severe condemnation of them. (Hear, hear.) He would not dispute now the accuracy of statements made by the Provincial Treasurer, but would await the arrival of those who should be here to explain them. He had watched gentlemen opposite and had noticed their apparent satisfaction as these alleged scandals were unearthed. It was but a fresh proof of the fact that there was nothing so gratifying to the olfactory of the true Grit as the mistakes of their opponents. But while in public life a man must be prepared to stand the rock. His every action is watched and immediately the finger of the public is pointed at a man he will find that he must bear the opprobrium of alleged wrong-doing at once. He is in a worse position than is a criminal in court, who is held to be innocent until he is proven guilty. In public life, however, once opprobrium is attached to a man he is taken as guilty. In regard to the proposed policy of the Government, they were making a pretense of practising economy.

Their economical ideas were in certain quarters only, for while in respect of the salaries of poor hard-working clerks who had spent years in the country's service they had taken delight in lopping off in some cases \$500, in other cases it was found favored individuals had been retained at increased and munificent salaries. He referred to the cases of the present master in chancery and the prothonotary. In the former a young man had just been appointed to the position and the salary remained \$2,000 as it had been, while the prothonotary who for a long time filled the position most satisfactorily and whose duties are at least equal in importance to those of the other, is to have his salary very materially cut down and is to be put upon a salary of \$1,500. He contended that a man who has served his country faithfully for years should be kept in office and the Attorney-General might find that in making the change in the master's office that instead of creating greater efficiency he would only be causing inefficiency. He saw no provision made at all for those removed from offices where they had worked faithfully for ten or twelve years. They have two or three months notice and are then discharged and having become drilled in a certain class of work they may find great difficulty in obtaining other employment. When a man becomes a public servant he is in a position which he looks on as a permanency, and it is unfair that he should be suddenly deprived of office without any retiring emolument. It was a gross injustice that the services of an old servant should be dispensed with on only one or two months warning and no compensation given. It was an injustice to those who had separated themselves from any of the ordinary lines of business and relied upon their appointment for the future to be deprived of their occupation and it was an act for which the present Government should be called to account. The Provincial Treasurer had produced an audit of the accounts for years past but he had shown only one side. All the wrong that could be was hunted up and the very

utmost made of it. Nothing at all had been laid before the House for which any credit could be given to the last Government. The statement of the Provincial Treasurer had been most partisan and most one-sided. They had been in search of anything wrong in order to make use of it for party purposes. If any malfeasance were discovered it afforded them a morsel to roll under their tongues when addressing the people. However, take any administration long in power and it will be found they have at times made grievous mistakes, and he prophesied that before the present Government were in power many years the record of the past Government would be very insignificant as compared with their own. The Treasurer had pointed with a great deal ofunction to the resolution in the estimated expenditure, but gentlemen opposite would find that there was a great difference between what was estimated and the actual expenditure. A year ago when his government asked for a vote of \$1,000,000, the then opposition stated that \$750,000 should be quite sufficient, but immediately they got into office they ask for a million and a half. This was the first illustration of the difference between the theories and practice of hon. gentlemen opposite. When his government asked for that million dollar vote they were fighting for a principle which was denied to us at Ottawa, and they were fighting in a manner that gentlemen opposite could not exceed. At that time the policy of the Ottawa authorities was antagonistic to any branch to the boundary. In 1887 the policy of both the Dominion Government and the C.P.R. was antagonistic, but since then that policy has been altered and they have promised its discontinuance to the delegates who went to Ottawa to witness the consummation of the bargain. In his communication to Mr. Greenway Sir John says he will not advise the disallowance of any bill similar in principle to that of the Red River Valley Railway. The C.P.R. had offered to lease to the Government the Emerson branch, and the Pembina Mountain branch and Manitoba South-western Railway, so the Government, if they choose, can secure the competition which they claim to desire. If such is the case, and he believed it was, he would like to know where there was any justification in issuing debentures for building the Red River Valley Railway from the boundary to Winnipeg, and thence to Portage la Prairie to suit the Attorney-General. Are the interests of an individual to be paramount to the general interests? The C. P. R. have also promised if this offer is accepted that they will extend the Souris branch. If the Government now decline this offer they will place themselves in a position to be condemned by the people. In reference to Mr. Jones' statement that the late Government did not use every exertion to build the R. R. V. R. Mr. Norquay shows

that the Treasurer had taken as authority for his assertion the statement of Mr. Drummond, the man who is now demanding \$45,000 for alleged services. The late Government had told that gentleman in most unmistakable language that his offer would be accepted. They were dealing with a gentleman on whom they thought they could rely, but subsequent to the acceptance of the offer his principals finding that the Dominion Government was opposed to it withdrew and refused to consummate the bargain. It had often been stated by gentlemen opposite that he (Norquay) was in collusion with the Government at Ottawa and the C.P.R., but he denied that most emphatically. After the failure in respect of the offer made by Mr. Drummond, representing Morton, Rose & Co., and after the failure to close an offer from Mr. Allan, for McArthur, Boyle and Allan, and being in a position to pay claims then due his Government had said they had all they wanted till October. He and Mr. LaRiviere went to New York in August last. Just at this point he referred to certain rumors which had circulated among friends of the present Government that he (Norquay) had hoodled the bonds, and that he would probably not return, and he gave an account of how the bonds had been cancelled.

Mr. Jones said that the Government had given countenance to no such rumors. He had found the bonds properly cancelled in the office of the clerk of the council.

Mr. Norquay—It has been stated that I was a tool of the Dominion Government.

Mr. McKennie—That's our opinion.

Mr. Norquay—I cannot be responsible for the vagaries of gentlemen opposite, especially when they border on lunacy. Continuing, he reviewed his trip to Chicago, Toronto and New York when, after repeated interviews, they found it impossible to float the bonds. They were not security eagerly sought after. He also recounted the negotiations with Mr. Lockhart Gordon, of Toronto. There was, however, a great stringency in the money market, and it was impossible to negotiate the bonds. He had letters from Messrs. Wiman, Villard, Oakes and others regretting their inability to help him, and these letters proved how close was the state of the New York money market when he was there. The hon. gentleman opposite had not now the same difficulties to contend with; they had not to suffer the same espionage or the same influences to fight against. It was no wonder they were able to place the bonds on the market. The wonder was that they had not realized more. With all the present advantages, it was not at all surprising that our bonds should now realize 108. They should have realized over par at four per cent. He quoted from New York papers to show the stringency of the money market when he was there.

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He alluded to these circumstances to place himself right, because gentlemen who, by a chain of fortuitous circumstances, have stepped into the lucky consummation have been claiming a great deal of credit. In regard to the Hudson Bay railway aid debentures his Government had been asked if they would grant assistance to that road and had replied in the affirmative, provided forty miles were built that year. After construction had been proceeded with the president of the company wrote that Mann & Holt, the contractors, were entitled to the \$250,000 bonds, having completed their work. He reported to the council recommending that half the bonds should be retained until the road was completed and his suggestion was adopted. The balance \$125,000, was ample to secure the compliance with the act in order to secure the land grant, and it was only after receiving the fullest assurance that the land grant had been placed to the credit of the Province that the bonds were finally handed over. He placed before the House the various stages of these transactions. Mr. LaRiviere went to Ottawa to urge compliance with the request that the land grant be placed to the credit of the Province, and he had sent a telegram saying, "land grant settled," and another, "you can safely pass order for delivery bonds Mann & Holt." This was the authority on which he (Norquay) and his colleagues here acted in passing the order-in-council. Mr. LaRiviere honestly believed from assurances he had received in Ottawa that the land grant would be handed over. Owing to unfortunate circumstances, work on the road had not proceeded as contemplated. In regard to the auditor's report he defended the action of the prothonotary in regard to interest on suitors' funds as being perfectly regular and justifiable. The Treasurer had made a great ado about reforms in the management of his office, and how he was going to have statements made up every fifteen days, but he would find that some time, when absent from his office for a month or two, that little discrepancies would occur as had been discovered in accounts of the late Government, and for which he (Mr. Jones) would hardly like to be held responsible. Much had been made of the terms on which the last loan had been floated, but it should be remembered that in negotiating debentures no cost falls upon Province. All costs attending the sale of debentures must be repaid by the company or the companies assisted so that the small costs of the recent negotiations as compared with his own really amounted to nothing so far as the Province was concerned. Considerable stress had been laid on the fact that he had overdrawn his salary by \$50. This must greatly shock the strict ideas of propriety of gentlemen on the other side. He had resigned office on the 25th of the month and was paid up to the end of the month, and he thought that after eighteen years' ser-

vice he was doing no great sin in taking salary to the end of the month when he resigned.

It being 2 o'clock, Mr. Norquay moved the adjournment of the debate, and on motion of the Premier the House adjourned till Saturday.

Mr. Norquay rising to continue the debate on the budget said he desired to draw a few comparisons between the policy followed by the late Government in reference to the construction of the Red River Valley Railroad and that advocated and adopted by the present Government. After having proceeded with the construction of the railway to a considerable extent it was found by the late Government that they were unable to float the bonds for reasons he had already submitted to the House, and having the main object in view, that of the construction of the railway, they had resorted to the only alternative that had presented itself, that of calling into requisition the services of a company organized under the General Railway Act of Manitoba. With this end in view he had opened negotiations while in New York with what was known as the Manitoba Construction Company, having arrived at what he believed would be a satisfactory policy with regard to divesting the Government of any further responsibility in connection with the railway and believing such to be in the best interests of the country. It was scarcely necessary to refer to the contract subsequently entered into with Mr. Holt, representing the Manitoba Construction company, and would simply say that this gentleman was satisfied they had ample means and had enlisted eight or ten of the wealthiest men in the United States in the enterprise. The Government were satisfied that by this arrangement the interest of the Province would be sufficiently guarded, that the people would not be called upon for any large outlay, and that the rates charged by the company would be such as could be modified from time to time. At the last session of the Legislature, having in view the difficulties that might intervene and believing the people to be unanimously in favor of the road, the House passed a bill by which they could guarantee interest at 5 per cent. on \$550,000 worth of bonds of any company that chose to undertake the construction of the railway. Naturally the parties who undertook the construction would wish to avail themselves of any special privileges extant, and the provisions of the contract provided that the Government would hold them harmless from any litigation or any expense arising from obstruction by either the Federal Government or the C. P. R. Therefore they had asked that in the contract they were making with the then government, that this \$550,000 of bonds should be guaranteed by the Province and that the 5 per cent. promised in the act should be available

for the purpose of enhancing the value of these bonds, but that it would not limit them only to the issue of bonds to the extent of \$550,000. Now the Government had also guaranteed to them the right of way and he had supposed putting the maximum value upon the road that it would not entail upon the Province any sum exceeding \$30,000. The interest on the \$550,000 at 5 per cent., supposing the worst did arrive, supposing the Province had to meet this interest, supposing the road did not pay, would only be \$27,500. The opinion had always been expressed by members opposite that immediately connection was made with Winnipeg to the international boundary, any road or any company in charge of a road that was fortunate enough to have control of that enterprise would find that the earnings of the road would more than suffice to pay for the attendant expense in the maintenance and running thereof. And this opinion still prevailed inasmuch as the Provincial Treasurer in his speech had estimated, as one of the receipts of the R. R. V. R., \$35,000. So the arrangement entered into with Mr. Holt, according to the opinion expressed by the Provincial Treasurer, would have resulted in no cost at all to the Government, but the fact that the road being put in operation would net an actual increase of \$7,000 in the receipts over the expenditure in connection therewith. Therefore he believed, taking all these things into consideration, that the policy pursued by the late Government was one that, had it been allowed to go into effect, would have resulted in greater and more beneficial results to the Province than the policy advocated by the present Government. There would then have been no necessity for increasing the Provincial debt one and a half million dollars. Consequently, if he stood alone, he would feel it his duty to move an amendment to the concurrence in the estimates, and he believed it was the duty of all the members on the Opposition to place themselves on record against such extravagance. It would appear from the action of the Government in raising this loan that all their promises as to economy made in Opposition had been left behind when coming into power. These were the gentlemen who were prepared, according to their own statement, to carry out in government what they advocated in Opposition. He certainly would see very great discrepancies between their professions and their practice, and he had not the slightest doubt but that when their policy came to be weighed against the country that they would find, notwithstanding the sugar-coating they were applying to the pills they gave the people, they would not be taken in the easy manner they expected. According to the remarks of the Provincial Treasurer when all the banks refused to allow them credit, he would wish the House to infer that his individual financial standing had rescued the Province

from the slough into which it had been left by his predecessors. Did not that gentleman for one moment imagine that it might perhaps be only the handle to his name that had enabled him under all the circumstances to obtain credit for the Province. Did not that gentleman for one moment suppose that it was the fact of being able to write after Lyman M. Jones the words "Provincial Treasurer" that gave him the standing by which he was enabled to raise money on the credit of the Province. He could scarcely imagine a man having such pride as Jones must be possessed of when he would he would give that House to believe it was himself, Lyman M. Jones, had secured for the Province a line of credit, when his predecessors in office had been unable to secure it. Mr. McKenzie—He got it all the same.

Mr. Norquay said there were a great many people who believed in the principle of new brooms, &c. In connection with this he would like to remark that while the Government delighted to place the Province in a position whereby she would soon have to resort to direct taxation to meet her liabilities, what did we find? Had they due regard to the feelings of those upon whom this burden of responsibility would be imposed? What did we find by their disfranchising act? Did we find that they selected gentlemen in this country representing property to elect the people who should represent them on the floor of the House? No. On the other hand, they took those parties who were irresponsible and who would only take delight in inducing the Executive of the day to be as extravagant as possible because whatever money might be spent recklessly might fall among themselves who had nothing to contribute towards the liquidation of the debt that would be thus accumulated. And those who in many cases were large contributors were deprived of a say as to who should be their rulers. He believed that the act of disfranchising many individuals so well qualified by intelligence, by property and interests in the country was one that would never stand the test of public scrutiny and public opinion in the Province. It might be said it was a step in advance, but they must always remember that in all these matters there must be a certain amount of conservatism preserved. We must not allow the irresponsible individual, never mind how respectable he might be, to manipulate and manage elections in such a way that they by their influence and actions of those who were equally interested in so far as the maintenance of good government was concerned, and who were more interested when taxation or responsibility fell on a community.

Mr. McKenzie—I should like the hon. member to understand that I pay fifteen times more taxes than he does.

Mr. Norquay—If that member were in a public office as long as I have been and judged by the property he had accumulated he would have a very small tax to pay indeed. I am not ashamed to say before this assemblage that my responsibilities with regard to property are not large, but whatever property I have I may say has been honestly earned. It is little but it is sufficient to satisfy my ambition. My ambition has not been in the direction of accumulating wealth; my ambition has been to try and serve my country faithfully and I believe I have done it to the satisfaction of the people, notwithstanding the assertions of my opponents. There was another thing which had been very much advocated by gentlemen on the Government side, and that was that there should be competition in all matters of public business. Those gentlemen who had made the submission of tenders a cardinal plank in their platform so that public works or public printing should not be let without competition being invited. But he had been surprised to find that Mr. Jones in his remarks on the subject did not seem to realize that he was reflecting upon a supporter of the Government of which he was a member. It was at least strange that that gentleman could not have the delicacy to have spared that member's feelings.

Mr. Jones—How to the line let the chips fall where they may.

Mr. Norquay—I hope a good big chip will fall on the member for South Winnipeg. (Laughter.) Under the late Government it had been deemed necessary to call for tenders for the public printing and tenders were submitted. And in this respect he might say, it would not have been doing justice to the printing establishments in this Province had they asked for tenders all over Eastern Canada and the United States. They had therefore sent notification to the different offices in the Province which were competent to undertake the work. Competition was secured and the Government took the lowest tender that was offered. If those gentlemen could not conceive why his Government had not invited tenders from all over Canada, he could not conceive how they justified their action in not calling for tenders at all and handing the work over to a prominent supporter of theirs. Possibly the work was being done at a reduced rate, but did that expediency—he could call it by no other name—justify the action of the Government? Was that hewing to the line let the chips fall where they may? It was found now they had come into power, notwithstanding all their protestations when in opposition, that they were prepared to hide their light under a bushel for a time, to wander away from the path of rectitude because it was expedient to do so. Their scruples were now being thrown to one side, and when they had been in power some time he expected they (the

Opposition) would be able to unearth some of those things which the Government would rather have concealed and not ventilated anyway until after the general elections. They were now trying to hurry on these elections with all possible celerity for fear the confidence they imagined the people had in them might be discovered to be based on a false foundation. He had been very much amused at the criticism submitted by the Provincial Treasurer in reference to the extravagance of the Government in utilising telephones. He believed he was credited with an expenditure of something like \$58 because he used to have a telephone in his house at the public expense. He relative to that his contention was simply that a man occupying a prominent position as first minister of a Government and living so far out of the city as he then did—twelve miles away from Winnipeg—was fully justified in placing himself within reach or communication of any parties desiring to consult him on matters of public business. He believed the cheese-paring policy, in which the Government tried to find out the minutest causes or reasons for extravagance in order to be able to charge their opponents with it, was simply ridiculous. What should hinder any gentleman, a member of the Government, living in Winnipeg, from having a telephone there at the expense of the country. If that gentleman was not in his office, if he was at home, was he not to be placed in communication with any parties wishing to wait upon him on public business? During the time he had that telephone at his house in St. Andrews—a period during which the country was passing a crisis—he was frequently communicated with on matters of urgent public import. But it appeared these advocates of economy, who would cut off \$600 from an official's salary, but who would not scruple to saddle the country with \$1,500,000 indebtedness, felt that they would not be justified in passing over this item without making invidious reflections. He desired to place on record that when he was down east trying to negotiate the Provincial bonds in order to raise funds for the construction of the Red River Valley railroad, he had received a letter from the mayor of the city—now Provincial Treasurer—stating that the city would be prepared to raise \$400,000 for this very important object. After having failed in the east he naturally came to the conclusion that on his return home to the city, the least the people here, who were perhaps more than any interested in the construction of that road, would do, would be to place at the disposal of his Government—net a bonus—but the amount promised.

Mr. Jones inquired if he did not ask for a bonus.

Mr. Norquay said on returning to the city after failing to negotiate the bonds in

the east, an order in council was passed authorizing the issue of \$3,000,000 debentures of the Province. These debentures the city of Winnipeg was asked to purchase. After some cavilling they were refused by parties known as the citizens' committee and from the time that that transpired he came to the conclusion that the people were not so seriously in earnest about building the R.R.V.R. as they were determined in trying to defeat the government of the day. That was the main object, and what did they find recorded by the organ of that party as their views on the 18th November. After they had scrutinized the contract, after the lawyers selected by themselves, had pronounced upon it, and every possible alteration had been made to meet their views, what did this organ, this subsidized organ of the party say? Why, "let the Holt contract be rejected, have nothing to do with it; it is an iniquitous affair throughout, and the Province can have nothing to do with it without suffering greater loss than we

describe at present." He believed he had made plain to the House that the adoption of the Holt contract would have placed the Province in the enjoyment of every facility that the Government claimed they could give the Province by the expenditure of \$1,500,000. Judged by their own estimates on the receipts of this road, there would have been a net profit of \$7,000 to \$8,000 in running the road over and above any liability that could be incurred. But it did not suit those parties to take that contract, and consequently they rejected it without any reason to justify their action, and if the province was to be saddled with an extra debt of \$1,500,000 it was largely due to the citizens of Winnipeg. To-day, notwithstanding their economical protestations, the Government were plunging the province into debt. "Like what is said in Holy Writ, 'They strain at a gnat and swallow a camel,' only in this case it is not a camel, but I say they swallow an elephant."

THE PREMIER.

AS REPORTED BY THE "FREE PRESS."

Hon. Mr. Greenway followed and was received with prolonged applause. The Premier was in good voice and got right down to business without any preliminary flourishes. Yesterday he said he had listened to the Honorable Provincial Treasurer delivering a lucid statement of the financial position of the Province—the first financial statement he had ever heard during the ten years he had been in the House. He regretted that that exposition contained statements of facts which should make every man calling himself a Manitoban blush; he regretted that he had to say that the statements made by the Provincial Treasurer were true. They had heard from the person who was the most prominent member of the other House if he was not recognised as the leader who had been the Premier of the Province, who, as he gloried in saying, had been for 18 years in public life in this Province, and who should, therefore, be keen to vindicate

THEY NEVER GOT VALUE.

Very few could understand what these reports were printed for; now it was known they were printed for the purpose of letting the Government steal \$8,000 with which to bribe the people of this Province at the general elections. Mr. Norquay had undertaken in 1886 to mislead him, the member for Cypress, and a large and intelligent audience in Cypress, in respect to this matter. He produced at that meeting what he alleged to be a French copy of that departmental report. At that time he was confident that Norquay was misleading him, but as neither he nor the audience understood French they could not detect him; and so the Premier of the Province, who prided himself on his morality and his high position in the state, succeeded in misleading the people in reference to this transaction.

Mr. Greenway said he would not speak as he had intended to if Mr. Norquay had sat down after speaking for ten minutes or so on the preceding night. He had often in times past felt that John Norquay was

MORE SINNED AGAINST

than sinning, and if any one had a warm place in his heart for that gentleman it was himself. He had hoped that it was through carelessness that Norquay had allowed these nefarious transactions without knowing anything about them. He was willing to give him the benefit of the doubt, but when he stood up there for two hours and did not answer a single charge then he deserved no consideration from their side of the House. He regretted that the recent provincial treasurer (Mr. LaRivière) was not in his place; and that another

THE HONOR OF THE PROVINCE;

but he had stood upon his feet for two hours and had not answered a single charge that had been made against his Government. He had noted one or two minor things. He had referred to the fact that he had improperly taken from the treasury \$50, and he thought it should not be mentioned because it was only \$50. He had also spoken of another little matter—his having a telephone in his private house at the public expense. These were the only two matters he had thought it worthy to speak of. He did not think it worth while to refer to the matter of the Government, for objects of their own, robbing the people of the Province of \$8,000, for which

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er gentleman (Dr. Harrison) was not in his place either, as he had something to say to them not of a complimentary nature.

Mr. Norquay had said that the Government had

KICKED OVER EVERY PRINCIPLE

they advocated when in opposition. He proposed to see how far this statement was true. When he entered upon office he issued an address to his electors in which he laid down his policy. It opened with this general statement: "In accepting office my colleagues and myself thoroughly appreciate the magnitude of the task which lies before us. The finances of the Province are in a deplorable condition. The public moneys have been squandered in a reckless and injurious fashion." Does anyone doubt this statement of the deplorable condition of the finances? Had not the public moneys been squandered in a reckless fashion? In the very department over which Mr. Norquay presided, an official, Glendon Bourdeau, had run away with \$13,000. If the honorable gentleman was not cognizant of what was going on he was not doing his business properly, and was not discharging the duties of his position. Bourdeau embezzled that amount because he was not properly looked after. Then he said in his address: "The estimates for nearly all purposes have been extravagantly exceeded. Not only has the Treasury been practically emptied but large floating liabilities have been incurred which must be provided against. It devolves upon us to rescue the Province

FROM THE FINANCIAL QUAGMIRE

into which it has been plunged. As a first step toward this end, a thorough investigation of the Treasury Department will promptly be proceeded with by competent men and the electors will have the satisfaction of knowing at an early date what disposition has been made of the public monies for a number of years past, and how the present condition of the Treasury has been brought about." Mr. Norquay had found fault because they had placed auditors in the department to find out the exact position of the finances. The Government felt it to be a duty to themselves upon taking office, to know the exact state of affairs. And the result had justified their action. Serious as had been the developments the half has not yet been told. It will take them many months yet, before they get at the bottom of things. Only that day he had learned of

ANOTHER STEAL OF \$26,000

which his friend, the Minister of Public Works, would speak about that evening. They were daily making discoveries. The late Government presumed the \$8,000 matter would never get to the light, and it probably never would have, had they not neglected to pay a little balance of \$400 to John Lovell & Sons, of Montreal. They were

too greedy, and therefore that firm presented a bill for \$400 to the present Government and this revealed the transaction. He had long desired to know the inside history of the printing of the crop reports; and now it was laid bare. The late Provincial Treasurer had the best possible assistant in this nefarious transaction in Acton Burrows, than whom there has not been a greater disgrace among those who fed at the public crib. These two men associated themselves together for the purpose of

DEFRAUDING THE PROVINCE

of that amount of money. When they placed auditors there, the gentlemen appointed received the commendation of the Call. He did not know whether its approval was worth much, but it left those on the opposite side without an excuse for complaining about the appointments.

Then the address said: "Measures will be taken to provide for the \$256,000 of Provincial bonds which were illegally and wrongfully handed over by the late Government to the contractors of the Hudson's Bay Railway will not be lost to the Province. It is desirable that everything necessary should be done in order that the consideration which the Province should have received, may be obtained." Mr. Norquay would call his action in handing over to the Winnipeg & Hudson's Bay Railway \$256,000 of the people's money without getting a dollar's worth of security another "little Grit discrepancy." Mr. Norquay had undertaken to mislead the House on this question; and he could tell him that he had stated that which was not true. Mr. Norquay had said that he had been misrepresented upon this question, but he would try him by himself. He had gone into a little arrangement in this matter about which the less said the better. Mr. Norquay had said that the Winnipeg and Hudson's Bay Railway Company had asked for aid and it had been granted. It was usual for a railway company wanting aid to apply to the Government for aid. In this case there was this slight difference: The honorable gentleman had opened the negotiations himself and had asked President Sutherland to ask for the aid. That was done through telegrams and cablegrams to Mr. Sutherland in England sent through a third party. Mr. Norquay was represented in this matter by that diplomatic diplomat, that great financial agent, H. H. Rennie. He corresponded with Sutherland through a third party, and asked the Hudson Bay Railway company to ask for aid for the line. The result of these negotiations was that this great financial agent was despatched to London to see Mr. Sutherland. He came back, reported progress and asked leave to manipulate further. After the aid was granted a contract was entered into by the president of the road, and Mr. Norquay was to have

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AN INTEREST IN THIS CONTRACT.

He knew what he was talking about, and when in the early part of the session Mr. Norquay moved for a committee to examine into his connection with this matter, he was giving his usual exhibition of bravado.

Mr. Norquay rose and stated that there was not the slightest foundation for Mr. Greenway's remarks. When he undertook to speak of his private business he did not know what he was talking about.

Mr. Greenway—"I do know whereof I speak. I have certain little documents in this desk that will prove that I know whereof I speak, and I am not in the habit of speaking in this House on matters which I do not know. He said the Government was discussing whether it was not a duty that they owed the people to institute criminal proceedings against Hon. Mr. Norquay and his colleague, Hon. Mr. LaRiviere, in this connection. (Sensation.) It would be a travesty on public morality to let such deeds in high places pass without condemnation or punishment. On October 4th, 1886, the Norquay Government passed their first Order-in-Council in accordance with

THE GENERAL RAILWAY ACT.

Matters went on; meanwhile the political contest was going on; the day of election was coming on. The Government applied to this quarter and to that quarter for funds because they knew that they needed to bolster up the weaknesses of their cause with money. They failed; matters went on, and finally on Nov. 11th they passed another order-in-council that the agreement with the H. B. R. company be approved and the commissioner instructed to execute.

That order-in-council stated that work on the road was "about completed;" and the agreement which it sanctioned provided that the \$256,000 should be handed over forthwith to the Merchant's Bank.

He drew particular attention to the words "about completed" because they showed that the Government knew that at that time the conditions of the law respecting aid to railways had not been complied with by the railway company. The passing of the proper order-in-council on October 4th showed that they knew what the law was; and this second order was issued by them in defiance of the law.

Hon. C. P. Brown—What date was that?

Mr. Greenway—On November 9th. The question of the member from Westbourne had just reminded him that on the evening of that day he had met him, then a member of the Government, on the platform in the county of Westbourne. Prior to that date the members of the cabinet had been very mysterious about the date of the polling, but upon this occasion Mr. Brown was more communicative. Just about

that time Mr. Brown saw a light ahead and so he announced that the elections would be held on December 9th, pursuant to the agreement with the Hudson Bay Company. Next day the Government's organ made the same announcement. The Government had by that time provided themselves with an election fund which they had lacked before, by a large proportion of the aid given to the railway being handed over to

A BOODLING PARTNERSHIP OF THREE

of which the Government of Manitoba was a member. On December 24th half of the bonds were handed over. The honorable gentleman had tried by circumlocution to mystify the House respecting the handing over of the other half on February 23. There was a council meeting held in December at which it was discussed whether or not the bonds could be handed over, though they knew that if they did so it would be in defiance of the law. There was a belief of this kind in the mind of the Premier himself and he wired to the Minister of the Interior.

WINNIPEG, December, 22, 1886.

Hon. Thos. White, Minister of the Interior, Ottawa.

Winnipeg & Hudson Bay Railway will have forty miles of track ironed by the end of the month and have given Manitoba Government an order for land grant covering 40 miles in consideration of debentures of Province given in aid of the enterprise. Will your Government accept order of the company and hold land for us, as contractors anxious to get debentures.

JOHN NORQUAY.

To this the following reply was received on Dec. 22nd:

NORWOOD, Ont., Dec. 22, 1886.

Hon. John Norquay:
Upon certificate of chief engineer Government railways that forty miles of W. & H. B. railway is completed in accordance with the requirements of the order in council and upon filing company's order the department will hold the lands subject to order of Manitoba Government.

THOS. WHITE.

This telegram was clear, but they had already determined upon handing over the bonds. Two days after they received this telegram they paid over bonds to the value of \$128,000 without getting a dollar of security. He would like them to explain this if they could. In the address he had promised that measures would be taken

BY WHICH THE LAND GRANT

thus lost to the Province should be obtained. To do this they had to take out of the people's treasury \$35,000; that was the estimate of Mr. Collingwood Schreiber and the president of the road, of what would be required to place the road in a position to pass inspection. It was better to lose this amount, which there would be no necessity to spend if the late Government had done their duty, than to lose the land grant which was the security for the

light ahead the elections 9th, pursuant Hudson Bay Government's agreement. The time provided fund which large propor- railway being

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bonds. This was the particular rock on which the Norquay Government had split, and it was only proper that such an unrighteousness transaction should have such a result. He had all the particular details of this transaction, the telegrams and cablegrams; and if they prosecuted the late premier and his colleague the evidence would come out at the proper time.

Then in his address he had promised "to inaugurate the practice of the most rigid economy. The late Government gained unenviable distinction as the most extravagant of all Provincial Administrations in the Dominion. I have repeatedly pointed out the possibility of decreasing the annual expenditure most materially, and in accordance with my pledges to the electors, the services of every unnecessary official will be promptly dispensed with, and the cost of printing and other expenses will be materially lessened." They had been told years ago, by the then Premier, when they said the expense of the public service could be reduced, that

THIS WAS BLATANT NONSENSE.

In his own constituency some years ago Mr. Norquay told his constituents that if they expected that he (Greenway) upon acceding to power, would take off his coat and go to work in his department without a deputy head they were going to be mistaken. Well he had not exactly taken off his coat yet because the weather was too cold but he had worked in his office as assiduously and earnestly as he ever had at anything in his life. Mr. Norquay had insinuated that they had introduced the principle that to the victors belong the spoils but no one had been dismissed without cause. Everyone who had been discharged had gone either because they were not necessary or because they had been detected

EMULATING THE DEEDS

of their former masters. And their places had not been filled. They had claimed in times past that \$50,000 a year could be saved in the cost of the public service; that they could do without deputy heads; that they could save \$10,000 a year in printing; and in this respect they had found they could save \$30,000. They had done better than they claimed they could; they had saved altogether \$90,000. They were in the past laughed at and told that it was impracticable to reduce the expenditure; but they had shown that it was quite practicable. They intended to practice the same economy in the future; and to carefully husband the resources of the Province.

He had promised in his fiscal address that "the fiscal year will be changed to correspond with the calendar year, so that in future, upon the meeting of the Legislature, the people's representatives will have laid before them a perfect balance sheet extending to the close of the year

instead of as before, to midsummer merely." This reform they intended carrying out, for, although they asked estimates for an entire fiscal year dating from June 30 next, they did it for

THE PURPOSE OF COMPARISON

with the figures in past years; and the public accounts would be brought down to December 31 and a new fiscal year would then be entered upon. They intended that the business of the departments should be carried on in a business-like way, not as in the past. Upon taking office, he took temporary charge of the treasury department, and naturally one of the first questions he asked was what money was on hand, and the answer he got was that they did not know, but if he went to the bank he would find out. He went to the bank and found a balance of \$18,000. That was sufficient to show how the departments had been run.

His address said: "Our efforts to remedy the monetary difficulties of the Province will, I trust, result in placing it upon a sound and unexceptionable financial basis of which we may, one and all, speak with feelings of just pride." This they did. Mr. Norquay had read letters from people in New York who did not want to negotiate a loan, but he did not explain that when he passed through Chicago, the money at 102-90 was lying for him in the American Exchange Bank. These letters which Mr. Norquay had produced from his private vault in his vest book, should be on record in the department where they belonged. Mr. Norquay had no right

TO TAKE THEM AWAY

with him. There were some missing papers in his own department that he would like very much to find; he wondered whether they were in the private wallet of some gentleman. In this connection Mr. Norquay had made a little exhibition of his consistency. At one portion of his speech he read Sir John's letter to the delegates, and it did not seem to be definite enough to suit him. In it he could find no promise that disallowance would be done away with. A little later he said that because disallowance had been done away with, the Provincial Government should have got

A MORE FAVORABLE RATE

for their loan. This was the consistency of the honorable gentleman. Before the disallowance policy was done away with in February they negotiated a loan that would net the Province 103. This was a great change in the financial position of the Province compared with a few months prior when Mr. Norquay could raise no money because their nefarious transactions had destroyed all confidence in the Government. The city of Winnipeg would have given him the money if they had had any faith in him. While at Ottawa

the speaker came to the conclusion that as disallowance was done away with, and Mr. Goschen's bill in the Imperial Parliament had appreciated Colonial securities, it was probable that better terms could be made for the loan, and he telegraphed Mr. Jones that if they could in honor withdraw from the arrangement to do so, but nothing must be done to discredit the Province. They would not break an arrangement to secure 1 per cent. additional which was about all that could have been gained had new negotiations been opened. They felt that they had on February 29th made a good arrangement with a strong financial firm which would net the Province 103; and under the circumstances they did not feel they would be justified in breaking it. Mr. Norquay had charged them with inconsistency because this year they borrowed \$1,500,000 when only a year ago they contended \$750,000 was a large enough loan for the Government to float. Had the Province then been in the position that it was said at the time to be in, \$750,000 was quite as sufficient for its needs then as \$1,500,000 was to-day. They did not know the condition of the country last year; the Provincial treasurer had made a statement which

HAD DECEIVED THE HOUSE.

They did not know then that there was a three hundred thousand dollar deficit.

Quoting another clause from his address which read: "It is the intention of the present Government to make use of every proper and constitutional means to secure the completion of the Red River Valley Railway. In order that the line may be one of real importance, and that the benefits of competition in freight rates may be extended to all portions of the Province, it is our intention to secure also railway connection with the west of the Province by a route south of the Assiniboine River." In that he had made certain pledges which the people had unmistakably shown they approved of; but now he was asked to abandon his promises. Why did they want the R.R.V.R.? For the purpose of competition? The abolition of monopoly would not in itself supply competition; a competing line had to be built. The fact that while on the previous evening Mr. Norquay had been opposing the construction of the Red River Valley Railway on the floor of the Legislature, Mr. Daly was

TALKING IN THE SAME STRAIN

at Ottawa, made him think there was something in the theory of kindred spirits influencing one another although far apart. He was urged by Mr. Norquay not to carry out his pledge; he had said that Canadian Pacific railway had made certain overtures to the Government. He was sorry that he had to refer to this matter but the honorable gentleman was trying to place them in a false position. He had stated that the C. P. R. had offered to ease to the Government on their own

terms the Emerson branch and the two Southwestern branches, but no such offer had ever been made by the C. P. R. When in Ottawa the C. P. R. authorities had urged him to lease or buy the Emerson branch. He said it would be purely a matter of business, but when they asked \$1,000,000 for it, or \$50,000 a year, he said that in view of the expense they had gone to in beginning the R. R. V. R., and as it was on the east side of the river, the line was not worth more than

HALF A MILLION DOLLARS

to them. He heard nothing more about it until he returned to Winnipeg, when he received through Mr. Whyte several communications. In one of these it seemed to be intimated that unless the Provincial Government would abandon the R.R.V.R. there was no use discussing the taking over of the Emerson branch. In reply he summed up the position of the Province in the following letter to General Superintendent Whyte:—

Winnipeg, May 8th, 1888.

MY DEAR MR. WHYTE:—

Referring to our conversation and Mr. Van Horne's communications re the lease of the Emerson branch, I beg to say, that if the suggestions made in that direction imply the abandonment on the part of my Government of the construction of the Red River Valley Railway we will not be in a position to entertain them. At the same time I desire to assure Mr. Van Horne that it is not the intention of the Government to undertake any general system of railway building. Being very anxious that the branch lines should be extended this year, we are perfectly willing to render your company any assistance in our power. I am sure you are fully aware of the very great importance to the settlers of the respective localities of the extension at the earliest possible moment of the several branches, and there can be no doubt of the very great advantage that would accrue to this your company through such extension. With this object in view we shall be glad to meet representatives of the Canadian Pacific Railway at any time that we can be of any service in this connection.

Yours very truly,

THOS. GREENWAY.

The Government had considered this matter fully, and they would not abandon the R. R. V. R. They had the money to construct it; the rails were on the way from Montreal; tenders had been called for, and the road will be completed by the first of next July. The Government had also considered the interests of other parts of the Province and they would this week submit to the C. P. R. an offer that if they will

EXTEND THEIR BRANCH LINES

as are desired, the Government will give them aid under the railway aid act to the extent of \$8,400 a mile.

In his address he had promised to inaugurate a vigorous immigration policy and this they proposed doing. They were now preparing literature and were in communication with gentlemen who will distribute it. He had also promised a simpler municipal system. This was

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about the only pledge he had not been able to carry out this session, owing to the press of other work and the careful consideration which it required. But at the next session one of the first matters that would receive their attention would be the reorganization of the municipalities.

In his address he also said: "The proper development of our educational system, and the need of affording ample facilities for education in the Province will receive the careful attention of the Government." Gwing to peculiar circumstances the charge upon the taxpayers for educational purposes is abominably heavy. The Government will devise means whereby the schools will receive a much larger money grant than has hitherto been given." He had met this promise by giving to the public schools of this Province

A GRANT OF \$120,000

Was this pledge violated? Was this one of the principles they had advocated in opposition to kick over when they became a government. They had promised a fair redistribution measure and they had brought down one, that had been all but universally accepted as equitable and just. They had broadened the franchise to the basis of manhood suffrage in response to their pledge; he had already explained why the government had been unable to prepare the voters' list for this election through the municipal clerks; but he promised the expense would not be more than half what it had been in the past. He had advocated when in opposition a secret ballot, not a ballot which would allow a government to intimidate a voter by threatening to ascertain afterwards how he voted; they had introduced a system by which a fair expression of the public mind could be obtained. These were some of the pledges they had redeemed; and the record showed that in place of kicking over every principle they had advocated in opposition they had proceeded to put them in legislation.

The serious charges preferred against the late administration had not been answered; they were unanswerable. Mr. Norquay had called them little discrepancies; and in place of explaining the past intimated that the present government would be

EQUALLY AS GUILTY

in the future. He could tell him he would be disappointed in this respect. As an instance of the carelessness of the late Government, he could point out that licenses had been given throughout the Province, and they had been given on credit. This was carrying the credit system too far; proper records of the moneys received had not been kept, and it was simply impossible to find out how much the Province had lost in this connection. They would remedy this little discrepancy. They had found civil servants applying to their own use the inter-

est on Provincial funds entrusted to their keeping, by permission, so they said, of their ministers. In 1886 he had said that if these gentlemen acted in private life as they had in public office they would soon find themselves behind the bars. He had been told that he should not make that statement, but he wished to repeat that utterance on the floor of the House. If these men carried into private life the methods by which they transacted public business they would take the way that leads to Stony Mountain penitentiary. Mr. Norquay had said that they had related these scandals with unctuous satisfaction. It was not true. They grieved sincerely over these revelations.

In his remarks Mr. Norquay had reiterated a statement which he had frequently made before that the delegates had been summoned to Ottawa to merely

WITNESS THE CONFIRMATION

of a settlement of the difficulty which had already been arrived at. Let them examine whether this statement was true. The delegates arrived in Ottawa on March 6th and they left on the 19th without having settled anything. Next day he received the following telegram:—

OTTAWA, Ont., March 20th, 1888.
To Hon. Thomas Greenway, Queen's Hotel,
Toronto,

I regret your hasty departure. Matters making as rapid progress as possible. I hope you will return and stay for a few days. Please answer.

JOHN A. MACDONALD,
Does the wording of that telegram look as though the matter had all been arranged? He answered that telegram and received the following reply:—

OTTAWA, March 21st, 1888.
Hon. Thomas Greenway, Exeter.

Your message arrived too late to answer last night. Complete settlement of the great question will take time, but I believe the principle of adjustment can be agreed on in a few days.

JOHN A. MACDONALD.
That telegram appeared to him to indicate that there was something pending that had not been decided. Norquay said that it had been decided long before to abolish monopoly, but on January 4th, about two weeks before the present Government took office, a sub-committee of the Ottawa Government consisting of Hon. Messrs. White and Thompson, drew up a report giving reasons why the policy of disallowance should not be done away with. In that report they said:

"To say that a Provincial Legislature shall not have power to legislate in respect to railways would be mere surplusage for the reason that no powers can be conferred by any legislative body for the construction or working of railways beyond its own boundaries. It is clear therefore that the exceptions in clause 10 were designed to restrict the powers of the legislatures to works of purely local concern leaving to the exclusive control of the Parliament of Canada railways, which, although situated technically within the boundaries of a province are intended to become, and being created with the express object of connecting

with other railways beyond its limits, would thus become great arteries of interprovincial or international commerce."

In support of the contention they quoted the opinions of the very men who were now claiming credit for having

BEEEN MAINLY INSTRUMENTAL

in securing the abrogation of monopoly. Mr. Norquay's utterances in the House in 1883 were quoted as follows:—

My friend contends that we can pass legislation chartering railways to the boundary. In the B. N. A. Act, under the head of "exclusive powers of local legislatures," we find telegraph, steamboat and railway lines, other than those connecting one province with another, or extending beyond the boundary of the province. But my honorable friend says I promised to renege the charter of the Emerson & Northwestern. Now the avowed object of the parties seeking the incorporation of that company was to build the line between the town of Emerson and several other towns in the Province of Manitoba. The incorporators never showed any intention of making a connection south of the boundary. He had sympathized with the people of Emerson—he believed they ought to get that charter—would assist them to get that charter—and would not go back on his word. But Emerson should get its charters for the avowed object for which incorporation was sought. When interested parties say that they intend using that bill in a manner to exceed the power which the Local Legislature could confer upon them—when this was said, those making the statements were responsible for the disallowance of that measure. The hon. member in alluding again to the Provincial Rights cry explained that he would be the last one to curtail any powers that belonged to us as a Province; but he would also refuse to delude the people of Manitoba by clap-trap railway legislation such as clearly exceeded our powers as a Province."

Hon. Dr. Wilson, a member of the Government, was also quoted as saying he believed it was against the spirit of the British North America Act for the legislature to start a railway to connect with foreign lines; and Mr. Leacock, who was not always

AS FIRM A FRIEND

of the Province as he now claims to be, is quoted as saying it was the plain meaning of the Act that the Province should not have power to charter lines to connect with foreign countries. Attorney-General Sutherland took still stronger ground, saying that it was absurd that the provinces were not to be allowed to charter railways connecting our Province with another, while at the same time they might charter railways to connect a Province with a foreign country. Dr. Harrison is also quoted as thus expressing himself:—

"To charter railways to run from any one point to any other point in the Province was a special power of the legislature, but it was distinctly prohibited that line could be chartered to join roads in other provinces, or lines beyond the confines of the Province. He would ask if it was of such immense necessity to the traffic of the Province to build a line from Emerson to Portage la Prairie? He did not think so. It was in contemplation to connect the Emerson & Northwestern with roads outside the Province. In doing that they were doing

what was strictly prohibited by the B. N. A. Act."

And these gentlemen whose own utterances were used to make out a case against their own petition were now claiming that they had stood up for the

RIGHTS OF THE PROVINCE.

This report of the sub-committee noted the resolution moved in the Legislature by Mr. Greenway in 1886, "That an humble address be forwarded to His Excellency the Governor-General in Council praying that there be no interference with our rights as a Legislature in respect to railway legislation." It gave the utterances of Norquay and LaRiviere on this motion and announced that it had been defeated by 19 to 8. And now men who helped to make up that majority had the audacity to stand up and claim credit in this matter.

When the better terms resolutions were up for confirmation in the House he opposed them because he said they fastened more firmly than ever the bonds of monopoly on the Province. On this point the report said:—

The Legislature of Manitoba had (in 1884) sent three of its members, Messrs. Norquay, Miller and Murray, to confer with the Government of Canada on certain subjects, which were embraced in a memorandum submitted by them. Among the subjects included in this memorandum was the following:—

4. The rights of the Province to charter lines of railway from any one point to another within the Province, except so far as the same has been limited by its Legislature in the Extension Act of 1881.

The committee of council to whom this memorandum was referred, after conference with the delegates, reported as follows:—

"* * * Knowing the long-avowed policy of parliament to prevent the legitimate trade of the country, and the Canadian Pacific Railway being diverted to the United States, your sub-committee consider that no injustice will be done to the people of Manitoba by the exercise of such supervision by the Dominion Government over the railway charters sought from the Dominion Parliament or passed by the Legislature of Manitoba, as will maintain this policy, and the conditions of the Canadian Pacific Railway Act, until the expiry of the time named therein, or until the road is opened and trade established, when it is believed it may be repealed or modified without injustice and with the consent of the contracting parties.

The minute-in-council embodying this suggestion was, it was pointed out in the despatch,

SO FAVORABLY ENTERTAINED

that they were accepted by the Legislature. And this was quoted as a reason why monopoly should not be done away with; yet these gentlemen who were responsible for it, now posed as the saviors of the country.

In his speech Mr. Norquay had shown his generosity and liberality of mind by accusing the member for South Winnipeg of not observing the independence of Parliament because he was a shareholder in a printing institution that was doing some

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work for the province. Did he remember that a few years ago he, not a shareholder but as a president of the Saskatchewan Coal company—there was a steal in that too—entered into a contract with the government of Manitoba to supply them with coal. Yet in spite of such a record he had the audacity to assail the member for South Winnipeg. This showed how he could strain at a gnat and swallow a camel. They had entered temporarily into a contract with the Free Press to get the printing for the session done there at prices very much under what had been paid in the past; and after the session was over they would advertise and the lowest tender would get the contract.

That he had to make these charges was a matter of regret to him. But it was their duty so to do that the people might visit upon these men and those who had

supported them in their course a punishment for

THESE NEFARIOUS TRANSACTIONS.

These and other things will be laid before the electors, so that they could judge and consign the guilty to the obscurity which their crimes deserve. They would ask the people for a rigid investigation of their conduct to decide whether or not they had redeemed their pledges. They would point out that they had increased the educational grant, that they had saved large sums of money from the expenditure on civil government and had expended it on the people; and they would ask them to compare their record with their predecessors and to decide which was worthy of their confidence and support. Mr. Greenway concluded amid loud cheers, and it being six o'clock the House rose.

MR. LARIVIERE'S DEFENCE.

AS REPORTED BY THE "CALL."

Mr. LaRiviere said: Mr. Speaker, it is not my intention to keep the House very long and I shall merely confine my remarks to a few of the facts which have been referred to by the Hon. the Provincial Treasurer in his long speech. I regret exceedingly—not from the fact merely that I am censured—that a certain amount of acrimony has been introduced into the discussion of the affairs of the Province. In making the charges they have just been making before the public I think it would have been more proper if they had confined themselves to the fact without trying or attempting to show that we were personally criminals, that we were cognizant of certain things which had so unfortunately happened during our passage through office as members of the past Government. Now it has been stated that when these gentlemen took office they found everything in such a state of chaos that it was practically impossible to arrive at a true statement of the affairs of the Province. I admit that some of the books might have been better kept and were a little behind, but it should have been stated that the duplicates of the accounts which were run into these books were kept in the same department only in another room perhaps—I refer to this cash book matter that we have heard so much about. Before an entry is made in the Treasury Department the accounts are passed through the audit office and there recorded by the auditor before he can pass them; so that this question of duplicating the Government book keeping has been agitated and it was thought at one time that instead of keeping two sets of books one set would be quite sufficient for the requirements of the public service and therefore the cash book in the Treasury Department, being a duplicate almost of a similar book kept in the auditor's department was allowed to run behind; and

not merely for that reason, but lack of the necessary staff to do the work. During last session even during the previous session we have been told that we could do with a similar staff. That might have been the case in some of the departments, but in the treasury department—with the system of book keeping maintained—there was not the necessary staff to do the work. My intention was to simplify the system, to appoint clerks for the duplicating work in the two branches, and with that object I requested the former accountant, who was afterwards deputy minister, to visit Ontario and ascertain there as to the way they kept their public accounts, and to report as early as possible what method he would suggest for simplifying the system. The system we have had until now was, I may say, merely experimental, the various accountants as they succeeded one another managing the books according to their own views. None of them had experience in keeping books for a Government, and none of them had been through a department in any of the other provinces; therefore each came with an idea more commercial than governmental and each had his own system. The first system was by Mr. Romaine, who was succeeded by Mr. Alex. Begg, later by Mr. Washburn and finally by Mr. Ptolemy, so that in a short time we had four different men in that department each having a different way of keeping books. At last I thought we should find out which was the best system, and on taking possession of the department it was my intention as soon as possible to reorganize the whole matter. The session before last I introduced a bill for the reorganizing of the department, and during last summer had I not been called away so often it would have been reorganized on a proper footing. Unfortunately during the time when the system was perhaps

not so complete as it should have been there was a lack of proper assistance to do the work. The audit was not as carefully done as it should have been, and perhaps too much confidence was put on the proper discharge of the duties of certain officials. Therefore it has turned out since, Mr. Speaker, and I am very sorry to say so, that some of the officials have proven themselves not to be worthy of the confidence that was reposed in them. But this is one of those things that will happen in the best regulated families, if I may so say. We have seen lately one of the banking institutions in this city having to suffer for over confidence in one of their officials. Not long ago in one of the departments in Toronto one of the officials proved unfaithful to the duties of his office, and similarly not long ago in Quebec one of the officials who died was found to be in default to the extent of \$55,000; so that in regard to this unfortunate occurrence in Manitoba we can find something, not to justify us, but something very similar in other places which are supposed to have the experience and proper organization to prevent such occurrences as we have had in this Province. Reference has been made to our bank account. I must state, Mr. Speaker, and I am very sorry to say so, that during last summer, when we were making every exertion to build the Red River Valley railway in spite of the assertions of our friends opposite to the contrary—we were boycotted, I may say, by the banking institutions that we were dealing with on that very account. We were threatened by the institution we were doing business with that if a single dollar of the public money of the Province was paid on account of the Red River Valley railway, our banking account would be stopped. If the correspondence had been gone into thoroughly by the Provincial Treasurer he must have found letters referring to these matters. I must state also there seemed to be a similar feeling in all the institutions at that time dealing in this Province, and even outside, because I interviewed managers and presidents of several of the banking institutions with a view of getting assistance, even if only temporarily, in order to help the Government out of their difficulty; there seems to have been a general feeling all round that should they help us out of these difficulties they would be exposed to the wrath and ire of the Federal Government or of the C. P. R.—which they considered as strong a company as the Federal Government might be should they assist us in the construction of the R. R. V. R. either directly or indirectly. And on every occasion I was told very plainly that they could not under any circumstances—though in some cases very anxious to do something to help us out of this difficulty—on account of their relations with either the Federal Government or the C. P. R. be a party to assist us in the unfortunate po-

sition we held at the time. That is to say in opposition to the wish of the Federal Government and the desire of the C. P. R. Reference was made to a loan which was negotiated with the Merchants' Bank whereby I had, under pressure, agreed to give a commission of one per cent., not to the extent made out in the statement of the Provincial Treasurer, but whereby I had to give a commission of one per cent. in order to secure the necessary money to carry out the affairs of the Province, and there was a tacit understanding that none of this money should be spent towards paying any of the accounts in connection with the R. R. V. R. So much so was this the case that even after the request had been made for the necessary order-in-council the money did not come and I was told again that it was because they feared some of it might be spent towards the object they did not want to support. In reference to the transaction with Messrs. Drummond Bros., of Montreal, with regard to the sale of the Provincial bonds, I may say that early last winter I received letters from a banking house in Montreal—Messrs. Hanson Bros.—stating that should the Province require to negotiate any loan they would undertake to do it; in fact that they were ready themselves to make an offer for the bonds of the Province if we required to sell any. At that time the House was not yet in session and nothing had been decided as to whether this loan was required or not. Later on, after the act authorizing the Government to borrow the sum of \$1,000,000 was passed, I telegraphed Hanson Bros., Montreal, stating that we were on the eve of negotiating a loan of \$1,000,000 and if they were prepared to make any offer I would like to have it. I received a telegram stating that they were prepared to make an offer above par. I answered that we wanted a more definite offer than that, and the next telegram that came said that they would be ready to give at least 1½ premium, and perhaps better. At the same time the Merchants' bank was requesting to be allowed to tender for the bonds; and the Imperial bank also stated that they wished to be allowed to tender. The firm of McMaster, Hammond & Co., of Toronto, also wired that they wanted the option of making an offer. So that seeing all these offers I left here, the House being still in session, and went to Montreal. On my way down I received a couple of despatches, one from the Merchants' bank, Winnipeg, requesting me to call at their head offices at Montreal before closing any sale; the other telegram was from the Government here stating that Drummond Bros., Montreal, had wired asking the privilege of a standing offer at 110. I believe it was for two or three days only and I was requested when I arrived in Montreal to interview those people. On my arrival there I called at the Merchants' bank and saw their manager

with the president of the bank, Mr. Andrew Allan. I may state here that I have received from Mr. Allan every assistance possible so far as he could give such assistance, in every shape and form. After a consultation with the directors of the bank, I was informed that the bank on account of the special circumstances of the position in which we were, had declined to have anything to do with the purchase of our bonds—after they themselves had requested earnestly to be allowed to tender for their purchase. I interviewed Messrs. Drummond Bros. & Lewis, who said they could not in any way entertain the offer they had made, but that they were willing to give 102½ for the bonds, but that that offer even had to be confirmed by the syndicate with which they were then organizing in England. I am very sorry that I have not a copy of the letter which I have since received giving the names of that syndicate. The purchasers were not Morton, Rose & Co., they being but the bankers for the syndicate that wished to purchase our bonds. In the meantime I heard from Hanson Bros. as to what could be done in reference to the purchase of the bonds, and they told me that if the bonds could be handed over within a very short time and if we could give any certainty that there would be no disallowance then they would give 102; well, the offer of Drummond Bros. was 102½, and under those circumstances I had to accept the highest offer. After calling on two or three other institutions I found myself back here waiting the result of the negotiations of Drummond Bros. with their people abroad. In the course of conversation with these gentlemen the question of disallowance was referred to, and they told me that that question might affect the position of their friends abroad. I found out that the danger of uncertainty of the act under which we then went being allowed to remain on the statutes had a good deal to do with the reluctance with which the men of finance were willing to purchase our bonds. After my return I received a telegram, which was cited the other day, asking me to confirm the offer from Morton, Rose & Co. Well, at the same time there were two or three gentlemen in the city here who pretended that they could do better than 102½, that they could give 103, they thought. They were cabling all over the continent and corresponding with agents or friends. I may say they were at the time keeping us in hope that we would still do better, and there was no immediate necessity for closing the matter. Therefore, after waiting a reasonable time, at the request of some of these parties, I confirmed the offer that had been made by Drummond Bros., to Morton, Rose & Co., and I received an acknowledgment of that confirmation. A short time afterwards I received another cable stating that on account of the opposition

of the Federal Government to our loan they could not undertake to negotiate those bonds, and therefore had to withdraw their offer. This is exactly the position we were in. At the same time unfortunately we thought the loan was first negotiated. At first we never thought the act would be disallowed, we were under the impression that it would be allowed to run its own course, but afterwards we ascertained that before we could have the bonds lithographed, printed and taken over to the money market, the act would be disallowed and that the loan would therefore be null and of no effect. So after having ascertained that the act would be disallowed, I answered these parties that under the circumstances we were not entertaining any further offers, because we were on the point of contemplating a change in the mode of borrowing money. We did not know whether we would call the House together for further legislation or whether we would borrow under the provisions of the treasury act by issuing treasury bonds. When the question of calling the House together came up we said: "What will be the use until we are certain that the Federal government will change their policy, we can re-enact and re-enact over and over again any legislation which they will disallow immediately, and then we will not be in any better position than we are to-day." So we thought as the Treasury act was in force and could not be disallowed that it would be better to issue Treasury bonds and borrow the money under the provisions of that act. I shall not go through the details of the negotiations that took place, suffice it to say we went to New York, had a very pleasant trip, but did not sell our bonds. (Laughter.) I shall now deal with a few other matters that have been brought up in this debate and in which I appear to be more personally concerned. I would make a regular confession if I knew I could get absolution from these gentlemen, but I know I can get that from the proper authorities across the river. (Laughter.) I wish to refer to the handing over by the province of the bonds given to the Hudson's Bay railway—to this second half of the \$250,000 worth of bonds to the company. As was stated this afternoon, and during the debate last night, \$125,000 worth of these bonds had already been handed over, properly or not, to the contractors of that company on the order of the president of the company and in accordance, I believe, with the contract entered into with the company. But before handing over the second half it was decided that the government should make sure that the land grant which had been made to that company by the Federal Government would be held over subject to our order, and in fact would become our property as security for the amount that the Government was furnishing in order to subsidize that company. I therefore proceeded to Ottawa in order to see that

this transfer would be made, and in order to be sure that the Province had proper security in accordance with the arrangements made in accordance with the act. It being Saturday I proceeded straight to Montreal and very fortunately because I met there one of the contractors, Mr. Mann, who was waiting there to receive those bonds. I was called on by that gentleman, who was accompanied by a Toronto lawyer, a Mr. Kingsmill, I think, who was acting on his behalf, and then and there I was told that Mr. Mann, of the firm of Mann & Holt, expected that I would hand over those debentures forthwith. The debentures in the meantime, which had not been altogether completed, wanting my signature, were deposited with the Merchants' Bank at Montreal. I told Mr. Mann I could not hand over those bonds until I was satisfied that the land transfer was made to the company, and that these lands were transferred over to the order of the Local Government. On this I was told by the lawyer that in accordance with the agreement between the company and Provincial Government, they had performed their work in accordance with the provisions of that contract, that in accordance with the order-in-council between the Local Government and the company, it was not necessary that such transfer should be confirmed. I did not go to the trouble of ascertaining whether strictly speaking the order-in-council would bear that contention, but I said whether it was so or not, my orders were strictly to ascertain that the transfer would be made and confirmed before we handed over these debentures. On that objection we had a little quarrel, as a lawyer will always quarrel when his contention is disputed. I said if this was a legal matter I would go down town and secure the assistance of a lawyer, and get the two to fight the case. At last I got annoyed and told Mr. Mann I would have nothing to do with him, that so far as that matter was concerned I had definite instructions and would follow them, and if he was not satisfied I would return to Winnipeg. Later on I walked out of the room, and Mr. Ross, who was then present, came out and begged me to go back into the room. Mr. Kingsley was asked to retire and we talked the matter over in a more sensible manner. I was asked what I intended to do, and said I intended to go to Ottawa, that when I ascertained the order-in-council was vested in the Local Government, that we have security, then you shall get your bonds. The day after, Monday, Mr. Mann, the lawyer and myself proceeded to Ottawa. On reaching Ottawa I asked for an interview with Sir John. It was a little prior to the Federal elections, in the early part of February and most of the ministers were away, only Sir John and Mr. Pope being in Ottawa at the time. I received an answer to my request that I would find him in his own house the following morn-

ing at 11 o'clock. On the following morning I drove down and asked the lawyer, as he pretended to be a personal friend of Sir John's, to come down, telling him he might be of assistance to his friendly impressing Sir John with his views. We reached Sir John's house, and after telling him the object of my mission he said: "Well, I can't do anything here, we had better adjourn into Mr. Pope's office, in the department of railways and canals, and we will see what the matter is." So that same afternoon we adjourned into Mr. Pope's office and there, after waiting a little while, Sir John came in and Mr. Schreiber was sent for. He was asked if he had a report on the state of the work performed on the Hudson's Bay railway. He said yes, he had a report from Mr. Forrest, and he went for that report and read it. I am going into the details of the interview because the result was so unsatisfactory that I think it is my duty to give the whole matter in its fullest detail. He read Mr. Forrest's report, which was not exactly very favorable, but at the same time was not unfavorable, because, though very doubtful on some of the work performed, there was always an excuse or remedy pointed out in the report. So that the report was a sort of milk and water affair and could be either favorable or unfavorable, as the case might be. On this Sir John himself asked Mr. Schreiber if on the strength of that report he could make a favorable report so that a recommendation might be made to council in order thus to confirm the grant of land to the Manitoba Government. Mr. Schreiber said, yes, he could make such a report. Thereupon he was asked to do so, and immediately Sir John and Mr. Pope started drafting a report to council, Sir John dictating and Mr. Pope writing on his desk what Sir John dictated. Mr. Pope was asked to make that report himself as acting Minister of the Interior, as the late Mr. White was out electioneering in some western part of the Province. When that draft was made I remember perfectly well that I myself suggested some amendment. For instance, it was reported there that though this grant for the first 40 miles of the road was made it was understood that not another acre of land would be granted the company until another 40 miles would have been completed—until these first 40 miles were put in operation. I suggested that as by the act the company was compelled to build by sections of 50 miles, it would be better, perhaps, to state in the order that no other acre of land would be granted until the first fifty miles had been completed and put in operation. This was accepted and the change made, and after we had completed this work Sir John turned round and said, "Mr. Pope, you will send this to Mr. McGee," (clerk of the Privy Council) and he turned round to me and said, "You can consider that this is passed, and you

can hand over your bonds." I was perfectly satisfied and turned round to talk about something else. I tell you very frankly I talked about the elections that were coming on in the Province at the time. It was on the eve of the general election and we had doubt over that election, and I told Sir John. This was strictly private, but the position I have been placed in these matters compels me to bring up these private matters in order to justify myself and in order to vindicate the position I have been put in. I suggested that if a certain telegram was sent to one of the candidates here in reference to a grant which a railway company was asking—I may state it was the Winnipeg, St. Boniface & Carillon railway company of which my hon. friend on the other side was at the time a director, and had been applying for a land grant—I said if a telegram was sent to the member for Provencher promising a grant to that company it would help him. And I further said the company should receive such assistance from the Government because it was the only company in the Province that had undertaken to build a road on the east side of the Red River that had been favorable yet. Immediately Sir John requested me to telegraph in a certain way as he did not want to do it himself. I asked Sir John to be kind enough to draft a telegram which should be sent and so he did. I have got this original telegram prepared by Sir John himself. Here is the telegram written in Sir John's own handwriting in the office of the Minister of Railways and Canals: "I have seen Sir John A. Macdonald and Mr. Pope." After receiving such assurance I wired my colleagues here stating that the matter of forty miles in favor of the H. B. R. R. company was settled, and requesting them to pass the necessary orders in council that I should be in a position to hand over the bonds to the contractors as per agreement with the H. B. R. company. When I received later on another telegram showing a certain amount of uneasiness on the part of my colleagues here as to whether the order in council had been properly passed or not, I was in Ottawa but unfortunately all the members of the government had left and I was on my way back to Winnipeg. I travelled all through the buildings and found not a single member of the government at the time in Ottawa. After ascertaining that, being perfectly satisfied and honestly believing that everything was all right. I wired to my colleagues that everything was all right; the order was then issued covering the grant for the first 40 miles. As I had seen the order copied to the recommendation in council and being assured that it was as good as passed, I was satisfied everything was all right. I may say that when I called in Ottawa last time on other public business, when the question was taken up I was very much surprised to learn from Sir John himself

that he never made any such promise, in fact that he had never met me in Mr. Pope's office. I have shown this telegram and read this telegram in order to prove that I met Sir John Macdonald, that I had seen him in Mr. Pope's office, and I have Sir John's own handwriting to prove the same. In regard to the promise—well, I have only my own statement as against that of Sir John. But as part of his statement is false, as I have proven here, in regard to the other half I hope my friends will believe I am stating the truth.

Mr. Martin—What did Pope and Schreiber say?

Mr. LaRiviere—Mr. Schrieber said he had never met me. When I said to him, "Mr. Schrieber, you never met me here?" "Well, yes," he said; "I think we have met." "Did you never see me in this office, Mr. Schrieber?" I said. "Yes," he replied; "but Sir John was not here."

Mr. Martin—What about Pope?

Mr. LaRiviere—He did not remember. I am very sorry, Mr. Speaker, that I have to go into these details. I know my position. I know that a certain class of people will say that Sir John being such a great man and I being such a scoundrel—

A. F. Martin—Yes, yes.

Mr. LaRiviere—As is said on the other side of the House, Sir John must of course have said the truth, and I must not only have had no promise from Sir John; not only that he never met me in Mr. Pope's office; but I believe he undertook to convince me that I never was in Ottawa. (Laughter.) This leads me to another personal question; that is, a question that has been made personal by those on the other side, and that is the question of printing. If there is a thing I am glad of, Mr. Speaker, it is my intention to go out of politics in order not to hear any more about printing. Reference has been made in regard to the printing of the departmental report of the Department of Agriculture. It is a very valuable report, Mr. Speaker; nobody will deny that, though there may be some figures which should not have found their place there, and the volume might not have been so voluminous, still there was so much good matter in it that no one will deny that it was important and interesting. The only trouble was it took a long time to get into print, therefore its usefulness was gone when it came out. I wrote to a firm in Montreal asking how much they would charge to print this report. Before an answer came I was interviewed by Amos Rowe, of Rowe & Co. On account of the existing printing contract the work had to be done by them, although they were only contractors for the English printing. Therefore they said that the Government could not under the existing circumstances order any printing to be done elsewhere.

Mr. Martin—Was that contract in writing?

Mr. LaRiviere—Yes, it was in writing. Mr. Martin—What year was it in?

Mr. LaRiviere—I am not in a position to say just now.

Mr. Martin—Was it in 1883?

Mr. LaRiviere—There was a contract I think existing, in 1883. At any rate I consulted the Attorney-General at the time, who told me that under the existing contract this work would have to be given to these parties. Afterwards they were told that under the contract they had to do the work. In the meantime as these people were not in a position to do the work in their own office they agreed that the work should be done in Montreal, but at their own benefit and profit. Of course I had nothing to do with the department that controlled the printing or the department of the Attorney-General, and the advice at the time given me had to be followed. Whenever work was sent down or when payments were sent down they were made over to Rowe & Co. for the English printing or to the other concern for the French printing. Lovell & Co. used to write me as I was personally acquainted with them, asking me to get these parties to remit the amounts as they wanted them. I believe some \$4,000 have thus been paid to them from time by the respective parties. Now I saw it stated that this scheme had been prepared and concocted by Mr. Burrows and myself. I may state that Mr. Burrows at the time had no connection with the newspaper. Only later on or after he had purchased the plant of the Times did he become proprietor of that institution. It was only later on that he stepped in and, of course, assumed the business of that office. But the first payments that were made to a printing office were made to Rowe & Co. When I found out the cost of printing of that book, of which I could not judge from the M.S., which was very extensive, and I never thought it would cost that much, I made up my mind that although the House had had a similar report put before them for the year 1884, had ordered it to be printed to the extent of 3,000 to 4,000 copies, I would not allow the work to go on. Therefore I think that instead of being blamed for having completed that report which, once begun, would have been a dead loss had it not have been completed, I think I should be complimented in not

allowing the report for 1884, which would have cost more, being more voluminous, being printed. Therefore I say that the whole of this business was done in good faith. That it has cost the Province a good deal I admit and I am very sorry for it, but had I not stopped the printing of those reports, even after the House had ordered them to be printed, it would have been a great deal more, but I thought proper at the time to stop that in order to finish what had been ordered—and partly done. Now, with reference to what personal interest I may have, I may say I have not the least interest in the concern excepting that I should like that establishment to be in a flourishing position in order to maintain the paper which has served me so well during my political career. I am sorry that that establishment and myself are not to-day in a position to meet even our own proper liabilities.

THE LOVELL PRINTING.

To the Editor of the Free Press.

SIR,—We have just seen a copy of your issue of the 14th inst., which contains an account of Hon. Mr. LaRiviere's speech in answer to Hon. Mr. Martin's charges as to the printing done by us. We deny that Mr. LaRiviere gave us the printing through friendliness. He first had a tender from us for the work and gave it because of our low figures. We did not know the firm of Rowe & Co. in the matter, in fact did not know until now of the existence of any such firm. We opened the account in our ledger in the name of the Department of Agriculture and rendered our accounts to the department. We have no copy of, nor do we remember ever having sent an account to Mr. LaRiviere personally; if we did so it must have been at his request.

Our drafts were made on the Minister of Agriculture and were paid to the extent of about \$4,000, leaving a balance of about \$465 still due us on the work.

We understood at the time that our tender for the work was at least 30 per cent. under what it would have cost if done in Winnipeg. We did not solicit the work.

JOHN LOVELL & SON.
Montreal, May 17.

THE ATTORNEY-GENERAL'S ATTACK.

AS REPORTED BY THE "FREE PRESS."

Hon. Mr. Martin, following Mr. LaRiviere, said: I desire, before referring briefly to the attempted defence just made by the member for St. Boniface, to say that I have been requested by the Provincial Treasurer to mention that in reading over the list of ministers who had overdrawn their salaries, he omitted to remark that the Hon. C. E. Hamilton, on receiving the demand which the Government issued to the ministers, to return

the amount of their overdrafts into the treasury, did, alone of these ex-ministers reimburse the treasury the \$100 he had drawn for services he had not rendered.

Both Mr. Norquay and Mr. LaRiviere denied that they had ever received such a demand.

Mr. Martin—I can show these honorable gentlemen the copies of the letters sent them on this subject by my department. With regard to the charges of

personal animosity made against the present treasurer by the member for St. Boniface:

Mr. LaRiviere—"I did not refer to him; he made no personal charges against me."

Mr. Martin—I leave it to the judgment of the members of this House if the statement made by the treasurer is not the

STRONGEST PERSONAL CHARGE

that has ever been laid against a member within the walls of this House, and if that charge was not in effect made against the member for St. Boniface. But in making that charge the Treasurer was not animated by any personal animosity. He confined himself strictly to a plain unadorned statement of facts leaving to the House the drawing of the inferences that must be decided upon from those facts and the remarks of the member for St. Boniface had not in the slightest degree succeeded in removing the unfavorable impression left upon the minds of honorable members by the Treasurer's statements as to the personal transactions of the member for St. Boniface regarding certain printing matters. He tells us that in one deal he acted simply as the friend and agent of John Lovell and Company in endeavoring to secure from the Times and Canadian printing companies moneys properly payable to that firm. If he means to imply that Lovell & Son understood his relations to them in this light his statement is disproved by the correspondence between that firm and himself. Also in a letter to Mr. J. Henderson who was the primary agent in exposing these frauds, Lovell & Son state that the correspondence they received from Mr. LaRiviere they understood came from him in his capacity as head of the department of agriculture, and their drafts were made against and paid by the provincial treasurer while the orders they received came to them directly from the Queen's Printer. Either then, the member for St. Boniface has been stating what he

KNOWS TO BE UNTRUE

or Lovell & Son are writing to the Government what is false. I challenge the honorable member for St. Boniface to produce any letter to Lovell & Son or from them bearing out his contention. If he fails to do this his failure will arise from the non-existence of any documentary evidence in support of his assertion, for it cannot be supposed that he is so unwise as not to have preserved any such written proof which may have come into his possession, since to-night he has proved his caution by exhibiting a mere memorandum which he preserved to prove his account of an interview held with Sir John Macdonald correct. When the honorable gentleman is unable to produce before the House any correspondence of that nature I think I am safe in saying that Lovell & Son's account is the true one and that the statement of the member for St. Boniface is incorrect.

At this point Mr. Martin read over the significant passages in the correspondence between Mr. LaRiviere and Lovell & Son. As these letters were read by Mr. Jones in his budget speech it is not necessary to repeat them here.

Continuing, Mr. Martin said: The Government acted in accordance with the tenor of this correspondence as if Lovell & Son were direct contractors with the Government and

EVEN PAID THE FREIGHT

on this report from Montreal to Winnipeg, and over that matter like so many other gentlemen who have participated in similar shady transactions the honorable member for St. Boniface was caught. He was not satisfied with the profit of seven or eight thousand dollars but was so greedy as to expect from the Province the freight amounting to a few hundred dollars. In this connection a remarkable incident had come to light. When the Hon. Dr. Harrison became Minister of agriculture through which department these accounts would have to be paid, the member for St. Boniface altered this item in the public accounts from freight on the agricultural report to freight on books so that the item might pass through his new department, the treasury, and not excite suspicion in the accounts committee. What did he enter into this transaction for if not to mislead the country and abstract \$5,000 from the public coffers?

Mr. LaRiviere—I deny it.

Mr. Martin—I know you do.

Mr. LaRiviere—It is a rule of this House that when a member makes a statement it must be accepted.

Mr. Martin—Once the honorable gentleman, when on his side of the House, had a solid phalanx of supporters behind him loudly applauding and sustaining his denials. Now some of this phalanx has been transferred largely by the misdeeds of the gentleman himself to the other side of the House, and I am very much mistaken if these members after the statements made by the treasurer sustain as formerly they did the denials of the member for St. Boniface. He says he had no connection with the establishment which shared the profit of the iniquitous transaction I have been exposing. If his statement be true we must conclude him

THE MOST COMPLETE IDIOT

in the country. If he went into this transaction and committed himself to paper for \$7,000 profit to a man named Trudel over in St. Boniface he displayed such complete idiocy in this matter as must force us to conclude that he is non compos mentis.

Mr. LaRiviere—Wouldn't you like to shut me up in your lunatic asylum.

Mr. Martin—No, for if we do not come to this conclusion there is one other at which we can arrive. When a man of

good ability and first-class common sense gets work done in Montreal for \$4,000 and certifies to, and pays out of somebody else's money \$12,000 for the same work then any reasonable person will be forced to conclude that he entered into the transaction for his own personal advantage. Members of this House who have known the honorable gentleman for seven years the people of the Province who have followed his political career will conclude that he is not the idiot. Let me repeat the exact amount of this defalcation (I suppose that is a parliamentary term). The amount paid for printing those reports was \$13,723.72.

Mr. LaRiviere—Do you include in that the payment for the reports of 1882?

Mr. Martin—I am aware that item belongs to another deal. Lovell & Son were to be paid \$4,000, so that there was a clear profit of \$7,457.64 to be divided between the friend of the honorable member over in St. Boniface and Amos Rowe & Co. In addition there was the sum of \$465.70 which

THESE WORTHIES FAILED TO PAY.

so that the actual profit reaped was \$7,923.34. Why did the member for St. Boniface in his capacity of friend and agent to Lovell & Son, fail to recover this amount of \$465.70. Can he show a line of documentary evidence to prove that he ever tried to recover it, or that he was even charged by the firm with its recovery.

Mr. LaRiviere—Here is an account for the sum which Lovell & Son rendered against me personally when they found I could not collect it from the actual debtors. What correspondence I had with that firm was always in my private capacity and in it I never signed myself minister. This account proves that Lovell & Son thought they were doing the work for A. A. C. LaRiviere and not the Minister of Agriculture for Manitoba.

Mr. Martin—I am willing to give the honorable gentleman the benefit of each new explanation as he makes it. In his first defence he did not produce this document but he comes up armed with it now when he finds his first explanation does not hold water. But this document is quite consistent with my other statements. In Mr. LaRiviere's letters to Lovell & Son he speaks of the work as being that

"OF THIS DEPARTMENT."

What sensible business man receiving such instructions in such a manner from a minister would not suppose that the work so spoken of was work for the department over which the writer of the instructions presided.

Mr. Leacock—That's right.

Besides it is quite an ordinary matter for accounts against a department to be made out in the name of its official chief. But to show how the honorable gentleman's brother-in-law, the celebrated Ged-

eon Bourdeau, understood the matter, I have here a letter of instructions to Lovell & Son, signed G. Bourdeau, "Queen's Printer." The honorable gentleman's idea as to this matter was evidently not shared by the officials of his own department. But the member for St. Boniface, who was so careful about the unofficial way in which he signed communications to Lovell & Son, was so unfortunate as to have in his employ a man, who is nothing if not official, who could never deny himself the gratification of subscribing himself

"ACTON BURROWS,

Deputy Minister of Agriculture, Statistics and Health," and who has even handed down this designation in a very peculiar way to generations yet unborn. This person's instructions to Lovell & Son are all signed that way. As to Mr. LaRiviere's being charged personally with the amount unpaid Lovell & Son there is nothing remarkable about that. No doubt the firm made every effort to collect the money and applied for it in every quarter where there was any ground for expecting payment. It is significant, however, that the honorable gentleman has admitted having a private letter-book, from which he says this account was taken. No doubt the gentleman has also in that book the other private correspondence he had with Lovell & Son, and again challenge him to produce any correspondence in which he appears as a friend acting for Lovell & Son.

I don't intend to refer to the handing over of the Province's bonds improperly to the H. B. Ry. Co. That is a dead issue with this Government except so far as it stares the Province in the face in the shape of a liability of \$30,000 or \$40,000 as the result of the corrupt and most unlawful transaction which led to the resignation of the honorable gentlemen opposite as a government. But what does the House think of this little transaction! I have here a voucher dated July 1, 1887 for \$200, said on the face of it to be salary

DUE TO W. R. NURSEY,

chargeable to appropriation for auditor's office salaries, and certified correct by W. R. Nursey whose receipt for the amount also appears. On the 16th of January, twenty days after the honorable member for St. Boniface had ceased to be treasurer or a member of the government he entered the department asked for this voucher and wrote across it "Should be charged to account for unforeseen contingencies as extra work done in the treasury department. A. A. C. LaRiviere, Provincial Treasurer." Evidently the honorable gentleman wished the voucher to appear as having upon it the authentication of the treasurer.

Mr. LaRiviere—I long ago instructed my deputy to do this but he thought

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he had not sufficient authority and let it pass. I did it because it was only clerical work which was ordered before I left the department and the Government consented to it and confirmed it.

Mr. Martin—The government never allowed that this was a proper transaction, but as they could not repudiate the obligations of their predecessors, they were obliged to pay this amount.

Mr. LaRiviere—Any member of a government has a right to complete unfinished work after resigning.

Mr. Martin—He has no right to sign his name as provincial treasurer. If you think you have

I DESIRE TO WARN YOU

as the law officer of this government, that I hope you will not carry the idea into practice. If a retired minister has a right to sign one document as minister, why not another.

Mr. LaRiviere—Long after the time you speak of the present Treasurer sent me cheques to be endorsed by me as Treasurer, and my colleague, the member for St. Andrew's, is still signing as president of the council, commissions of persons appointed as justices of the peace when he was in power.

Mr. Jones—That is not true. If cheques have been signed by the member of St. Boniface as Treasurer of the Province since I was sworn to that office, it has been without my knowledge, and if he has that right I will tender my resignation to the Government.

Mr. Martin—Another cheque for \$1,000 was paid to the Canada Publishing Company early in January for work to be done in the future. This was certified by the auditor in direct contravention of the statute which directs that before a progressive estimate can be paid a public contractor the public official having the work in charge must certify that an amount of it has been done equal in value to the payment of the progressive estimate, yet this cheque passed through the treasury was certified by the auditor and paid without any work being done by the contractors to whom the \$1,000 was handed over. How is it possible that a provincial auditor,

SUPPOSED TO GUARD

the interests of the people against any improper conduct of the Ministry, could fail to stop this cheque, so improperly issued, unless there was an agreement between the treasurer and the auditor to this effect—you let a little thing go through for me now and then and I will do the same by you. This man is supposed to be the officer of the House though it happens that the manner of his appointment was such that he can be removed by Order-in-Council. On July 2 a voucher for \$200 salary to Mr. Nursey was properly passed through the department. It was signed as the law with reference to expenditures for officers

of the House provides by two commissioners of finance and paid. On July 8 another voucher went through the department for \$200 salary to Mr. Nursey and was paid. This voucher had

NO SIGNATURE UPON IT.

save Mr. Nursey's own. In August \$144 for salary to Mr. Nursey was paid on the simple authentication of the gentleman receiving the amount. In September another \$144 was paid to himself, in direct violation of the law, by the gentleman who was supposed to be protected by the House in guarding the law. Why should the gentleman who did not stop an unwarranted payment of \$1,000 to Mr. Trudel, in whom the member for St. Boniface is so interested, trouble the treasurer to sign the warrants for his own salary. Altogether this gentleman paid himself last year \$1,139 without the signatures of the commissioners, as required by the law. Of this the ministers who framed the law respecting the duties of the auditor must have been cognisant, but they did not interfere. On January 31 last the auditor had overdrawn his salary \$502. Just now he is enjoying the long unaccustomed position of having earned a little something for which he has not yet been paid. Next year I expect to be able to lay before the House a complete statement of the work done by this gentleman who seems to have been

AN ESPECIAL PET

of the late Government. Last summer he obtained leave of absence and attended the Colonial Exposition. In the public accounts there appears a record of this holiday excursion in an item of \$342.42 for expenses of Mr. Nursey to Colonial Exhibition. The present Government propose that the House shall be asked to deal with this man at the present session in regard to these matters, and particularly in regard to his violating the law for his own benefit.

It seems like piling it on unnecessarily for me to go on accumulating proof of the overriding of the law by the member for St. Boniface. I will, however, cite one more instance. Mr. R. Latouche Tupper, chief of the provincial police and license inspector, had no right to spend a single cent of the money collected from licenses without the sanction of the member for St. Boniface. Yet he expended \$7,000 without any authority from the treasurer. If it is strange that a provincial auditor should be allowed such privileges as Mr. Nursey had and be found extending to friends of the Government the right to violate the law, it is quite consonant with this that the chief of police should be allowed to pay for his own purposes and in his own way, \$7,000. When one considers how much of this sort of thing was done it seems marvellous that any institution so conducted managed to run so long without a break-down. Thousands of dollars were handled in the license office

WITHOUT ANY BOOKS

to record the transactions represented by this money except some loose scraps of paper. That was the way the late Government did business; no books, no system, every official taking all the money he could get, and this perfectly agreeable to the Government. Everything was lovely and no lack of election funds till the end did come. If the House could believe the confession of the member for St. Boniface about his attempts to borrow money, what a magnificent tribute to the credit and financial standing of the new administration! Coming into office when the circumstances of the Province were at their worst, when the ex-premier had announced that he would gladly, could he find a purchaser, have disposed of the bonds of the province at 6 per cent discount the new treasurer is able to announce that within a few weeks of taking office he had so little difficulty in obtaining money for current expenses that the Merchants' Bank which flouted the member of St. Boniface readily offered all the money needed at 6 per cent. Within a few weeks after the day when the ex-premier made his disgraceful announcement the Province of Manitoba was able to go to the great firm of Sir R. Carden & Co. and obtain from them

HALF A MILLION MORE

dollars than the late Government tried to get and at 3 per cent premium; 9 per cent more than the old treasurer expected to be able to get. This must convince everybody that the

CREDIT OF THE PROVINCE

was all right, and it was only the administration that was wrong. If that is not enough to convince the electors of Manitoba that they should continue the confidence now reposed in the present administration I desire to point out that our estimates submitted yesterday make a saving to the Province in the cost of administration of \$80,000. When we were in opposition we ventured to predict that we could perform the work of governing Manitoba for \$50,000 less than the late ministers. They scoffed at us then, and called our suggestion an absurdity, but we have already almost realized it doubly, and we do not propose to devote this large saving to improper purposes either. We have increased the grant to schools to \$120,000 and besides giving the same aid as was

allowed by the last Government to municipalities for public improvements such as roads bridges, drains and the like we intend to hand over directly to the municipalities in cash \$80,000 or an average of \$600 to each. If these facts do not convince the people of Manitoba of the corruption of the late Government then they must be very hard people to convince. Honorable members opposite have

THOUGHT WELL TO TWIT US

with what they call our cheeseparing policy towards certain unfortunate persons who have been in the civil service. When we were in Opposition we advocated that civil servants should be paid what their services were worth in any ordinary business house down town. This is the policy we have put into practice, and so far am I from thinking that the best has yet been done in this direction that I believe that next year we shall still further be able to reduce the cost of civil administration. We did not cut down expenses so unsparingly as we might this year because we were deterred by the consideration that until experience of our departments has made us thoroughly familiar with them we should move cautiously in this direction. It is to be understood, too, that we intend the ministers themselves will earn the \$3,000 salary they get by doing a large share of the work of their departments. Before we came to power the ministers did

NONE OF THE WORK

in their departments, contenting themselves with a sort of general supervision. The members of this Government besides the other duties which have devolved upon them since taking office, have done a large part of the routine work of their departments, work hitherto attended to by the deputy ministers. In Opposition we advocated abolishing the offices of the deputy ministers and in fulfillment of this pledge I will ask the House on Monday to pass the second reading of a bill doing away with these deputies and also with the office of municipal commissioner whose duties will be assumed by the minister of public works. It is on such fulfillment of the pledges made by us when in opposition that we intend to appeal somewhere about July 10 for the verdict of the electors of Manitoba, and I believe that verdict will be such an emphatic one as has never been delivered in Canada before.

Floating the Provincial Bonds.

WAYS AND MEANS.

Hon. Mr. Jones moved, seconded by Hon. Mr. Prendergast, that the Speaker leave the chair, and that the House resolve itself into a committee of the whole to consider of the ways and means for raising the supply to be granted to Her Majesty.

Mr. Norquay moved in amendment, sec-

onded by Mr. Leacock, that this House regrets that His Honor the Lieutenant-Governor has not been advised to recommend to this House an estimate of such a sum of money as would be a proper and just recognition of the services of those civil servants and officials whose further duties are dispensed with in view of the policy adopted by the Government.

Mr. Luxton announced his intention of voting for the amendment. He said he appreciated the most of what the mover had said; he took occasion, however, to add that, had it not been for the recklessness and extravagance of the Government of which the hon. gentleman was leader, there would have been no necessity for this question to have arisen. The civil service had been loaded with three men, where only one was required; at the same time, he laid the whole responsibility for this condition of things upon the vicious system pursued by the Government of which the hon. gentleman was leader; the civil servants should not be punished for the shortcomings of their masters, who had given them positions they thought were permanent. Under a better order of things it had been possible to dispense with a large number of civil servants and effect a large saving to the country, but there was no reason why the victims of a vicious system should be allowed to suffer.

The amendment was lost, the vote being as follows:—For, Messrs. Luxton, Harrison, Norquay, LaRivière, Robinson, Alexander, Leacock, Douglas, Marion, Gillies and Drewry—11; Against, Hon. Messrs. Prendergast, Martin, Greenway, Smart, and Jones; Messrs. Francis, Crawford, McKenzie, Young, Jackson, Martin, Gellay, Roblin, Macdonell, McLean, R. S. Thompson, S. J. Thompson, Smith and Brown—10.

Mr. Norquay then moved another amendment, seconded by Dr. Harrison. In doing so he reviewed the difficulty and the impossibility that his Government had found the way of raising the funds, necessary funds for carrying on a work that had been deemed essential by the people of this country, which difficulties, he said, had practically been removed by the changes that had taken place in the policy adopted at Ottawa. The Provincial Treasurer, he proceeded to say, had, in a very exhaustive statement, told how he had negotiated successfully, on the 3rd of March, a loan by which the debentures of the Province had been accepted at 103. While, under ordinary circumstances, this might be considered a very fair and equitable transaction, under the circumstances in which hon. gentlemen found themselves, with the prospective abrogation of monopoly, of which they had received intimation by the invitation to them from the Federal Government to come down and discuss this very important question, and with the securities of the Province known to realize as high as 110, he found it inexplicable why gentlemen should place the provincial debentures at 103. He did not want to go back on his statement last autumn that he would actually have accepted 94 rather than fail of constructing the R. R. V. R.; but when he considered the circumstances of the Province then, the difficulties which surrounded the enterprise, the an-

tagonism of the Federal authorities, and the antagonism of the most powerful corporation in British North America fighting it at every step and rendering impracticable any negotiations that were being entered into—when all these matters were taken into consideration, and also the quotations of papers intimate with the state of the money market in the financial centre of this continent, was it any wonder that he should have stated that, had he secured, under the circumstances even 94, rather than see the Province a month longer in securing railway competition, he would have asked the House to accept that figure. He believed the House was entitled to fuller explanations as to why the bonds had been disposed of without inviting competition from those accustomed to deal with such matters, either in this Province, or in other provinces of the Dominion. He did not deny that the bargain for 103 was a very good bargain; (Hear, hear!) but at the time 22 year bonds were worth 110.

Hon. Mr. Jones asked what was the authority for that quotation.

Mr. Norquay answered that financial men in the province stated so, and that 35 year bonds would have been worth 113.

Hon. Mr. Jones stated that the bargain so far as the Province was concerned, had been made on the 29th of February, open for three days to acceptance.

Mr. Norquay went on to say that if 22 year bonds were now quoted at 112, and in January at 103, the House might reasonably expect a smaller commission than 5 per cent. on \$1,500,000 could have been agreed upon. He was not, himself, particularly familiar with financial transactions, but he knew the difference between 103 and 108. He moved the following motion: Whereas, according to the statement of the Hon. Provincial Treasurer in the budget speech on Friday last, this House was informed that an arrangement had been entered into and agreed upon between the Government and Messrs. Drummond Bros. & Moffat, brokers, to purchase the bonds of the Province at 103; and whereas the Honorable the Provincial Treasurer has not shown to this House that he invited tenders for the purchase of the said bonds, which are now, according to the statement of the said Provincial Treasurer, quoted at 112; and whereas, in the opinion of this House, a more satisfactory explanation than has been given should be made to explain the action of the Government in not following, under the circumstances the usual course adopted by government in such matters by the invitation to competition from those dealing in such matters; therefore be it resolved that the motion of the Hon. the Provincial Treasurer, be not concurred in until an explanation satisfactory to this House be made in reference thereto.

Hon. Mr. Greenway denied the correct-

ness of the statement that, when the loan was negotiated, there was a prospect of monopoly being done away with, or that the Government had received intimation of such being the case. The transaction, so far as the Province was concerned, was closed on the 29th of February.

Dr. Harrison—There were no bonds to sell.

Hon. Mr. Greenway—Hon. gentleman opposite could not get the money when they went east with their pockets full of bonds; but the present Government had now to their credit \$53,000 in the bank, and they had not issued a bond yet. The transaction was closed so far as the Province was concerned, on the 20th of February; and the first intimation the Government received from Ottawa was when a telegram came to him the next day, about fifteen minutes before the House assembled, asking that they should go down to Ottawa on that mission. The bonds did sell better on the 3rd of March. The Government had not chosen, as his hon. friend had sometimes chosen, to break a contract under the seal of the Province. On the 13th of one month the hon. gentleman entered into an arrangement with a certain company to hand over the R. R. V. R., and on the 23rd of the same month he did precisely the same thing with another company. On the Government side, when gentlemen enter into an agreement with a financial firm, or any other corporation they proposed to carry it out.

Hon. Mr. Jones said that when the present loan was placed upon the market the financial men of London had had prominently before them the fact of the dangers of disallowance; notwithstanding this, there was a wide difference between the purchase price of these bonds, and the offer the hon. gentleman accepted last year. At the time he made the sale last year, on the 16th June, the quotation of Manitoba 5 per cents on the London market was 109.111, average 110 on the 11th and 18th of that month—he was quoting from the London Economist of those dates. The quotations at the time of the recent loan were 107.108, average 108, making a difference of 2 per cent. between the 16th June last, and the 29th of February; yet on the former date the hon. gentlemen sold for 102½ and he (Hon. Mr. Jones) on the latter date for 103. In addition, the latter loan was for net, sterling, \$4.87½ equal to 9½ discount. The London firm consented to send the money or allow the Provincial Treasurer draw; and he found that by drawing he could save several hundred dollars. The price was higher than that for the Quebec loan, and the amount received was, under the circumstances, a very high rate for the bonds.

Dr. Harrison charged the members of the government with drawing a herring

across the trail; as it was no matter what took place last year or the year before, 35-year bonds were worth 3 per cent. more than 22-year bonds.

Hon. Mr. Jones—How many years were the bonds to run that the hon. gentleman sold last year at 102½.

Dr. Harrison replied that he was not Provincial Treasurer at that time.

Hon. Mr. Jones answered the question himself, stating that they were to run 40 years.

Dr. Harrison went on to say that the interest of the Province had been sacrificed to the extent of not less than \$100,000 (Hon. Mr. Jones pointed out that the amount was going up, it having been \$75,000 shortly before) squandered by the incapacity of the Provincial Treasurer, notwithstanding the high estimate he placed upon himself. When the bonds were worth 107 or 108 he had sold at 103; 35 year bonds were worth 3 per cent. more than 22 year bonds, besides accumulated interest for two months was to be considered. On the 3rd of March the bonds were worth 110; and the same were worth very much more in June; yet in the face of this, the Provincial Treasurer sold at 103. What had become of the 5½ or 6½ per cent? Was it in the hands of the commission men, the Provincial Treasurer, Mr. Alloway, or someone else.

Hon. Mr. Jones said the member for West Minnedosa was the only man he had refused to tell where this money was.

Mr. Luxton said that when the transaction in connection with the bonds was criticized, not being himself a financier, he had made enquiries amongst parties that he thought were competent to give an opinion on this point, including the honorable member for Russell whom he considered one of the best authorities; and he had received but one opinion from all; that, assuming the bonds were put on the market, the price, 103 net in Winnipeg, was very fair one indeed. The member for Russell would correct him if he were in error. He understood that the expenses of brokerage, English stamp duty, and transmission two ways the bonds from Winnipeg to London and the money London to Winnipeg—because the House would remember that the exchange was made in Winnipeg—amounted to usually 2 or 2½ per cent. The purchasers, Sir Robert Cardin & Co. and their syndicate, paid 103 net at Winnipeg—they put them on the market at 10½, a difference of 4 per cent. Now, subtracting the expenses, 2 or 2½ per cent, from this left the purchasers a gain of about two per cent, certainly a small profit for capitalists who took the risk of failure to sell and all the chances of a heavy loss. He understood that men who had one and a half million dollars at command usually counted on much larger profits. But in this

case there were still other circumstances. When this negotiation took place on 29th February the policy of disallowance seemed as firm and threatening as ever and if the Government had sold the bonds at a much lower rate they would have been justified. Considering how sensitive the great money markets are and how careful great financial men are he thought Sir Robert Cardus & Co. had certainly made but a small margin of profit and that even casting aside altogether all danger of disallowance the Province had made an excellent bargain.

Mr. Leacock replied that the statement was perfectly true. If he himself had been a minister of the Crown on the 29th of February, and that offer had been made to him, with definite guarantees that it would be properly carried out, he felt he would not have taken the responsibility of refusing; and under the circumstances he did not think the Government would have been justified in refusing. The question was simply for explanation as to different dates, etc. He thought the statement of

the Provincial Treasurer as to his having several hundred dollars in the exchange a serious charge against the business shrewdness of Drummond Bros. & Moffat, whom he had regarded as the sharpest men in Winnipeg; and his hon. friend was to be complimented on having got ahead of such shrewd gentlemen. No doubt Mr. C. S. Drummond when he heard of it would be furious.

The amendment was lost on the following division: For, Messrs. Harrison, Norquay, LaRiviere, Robinson, Alexander, Douglas and Gillies—7; against, Hon. Messrs. Prendergast, Martin, Greenway, Smart and Jones, Messrs. Francis, Crawford, McKenzie, Luxton, Young, Jackson, Martin, Gellay, Roblin, Macdonell, McLean, R. S. Thompson, S. J. Thompson, Smith and Leacock—20.

Mr. Leacock explained his vote, stating that he thought it right and most necessary to get explanations, as asked for by the motion.

The House adjourned at six o'clock.

Proposal to Abandon the R. R. V. R.

Thursday evg's session was a very interesting and important one, the subject of most of the debate being Lord Van Horne and his attempt to bulldoze the Local Government. Upon the House meeting Mr. Greenway laid upon the table of the House the report of the correspondence between the Government and the C.P.R. authorities re the leasing of the Emerson branch.

Mr. Douglas, in amendment to the motion to go into ways and means, moved:—

"That Mr. Speaker do not now leave the chair, but that it be resolved, That whereas, the C. P. R. Co. having been given power by the Dominion Parliament to lease or sell or abandon the Emerson branch of the C. P. R. as one of the considerations for relinquishing their monopoly rights in the added territory of Manitoba and in the Northwest; and whereas the C. P. R. Company having intimated that in case of the construction of the R. V. R. it would not pay them to operate the said Emerson branch;

And whereas the abandonment of the said Emerson branch of the C. P. R. would be a great injustice and hardship to the large population settled east of Red river, which settlement was induced almost wholly by reason of the transportation facilities afforded by the Emerson branch, and the good markets existing at Emerson, Dominion city, Oterbourne, Niverville and St. Boniface by reason of said transportation facilities;

And whereas the C. P. R. having offered to lease or sell the said Emerson branch to the Provincial Government, and having, according to the statement of its general managers "lately repeated this offer, indicating at the same time

a disposition to go as far as possible towards meeting the views of the Government as to the rental.

. And whereas the settlers upon the east side of the Red River being already accommodated with a railway line that is not likely to be abandoned;

And whereas there being every probability that the Northern Pacific Railway, now having a railway to the boundary, or some other company, would be willing to take the grade and materials of the R. R. V. R. off the hands of the Government and complete the road;

Ann whereas the leasing in perpetuity of the Emerson branch by the Provincial Government would furnish to the Province the competition in railway rates which the construction of the R. R. V. R. is designed to give, and which can now be the only reason for the construction of the said line by the Government, a cessation of the disallowance policy having been promised by the Federal Government;

And whereas, through the Emerson branch connection can easily be had at the boundary with all American roads coming northward upon either side of the Red river, there being at Emerson a magnificent iron railway bridge over the Red river which can be leased at a nominal rate.

Therefore, be it resolved, that although this House has concurred in the item of \$1,200,000 for railway construction it is the opinion of this House that a certain portion of this sum should be used to secure the rental of the said Emerson branch of the C.P.R. if the same can be secured at a reasonable figure and that the balance be applied to securing railway facilities to

such portions of the province as are not now applied.

He made a long speech, pointing out why in his opinion this should be done. He was afraid the C.P.R. would carry out their threat of abandoning the Emerson branch if the Government did not take it over. This would destroy the markets at Otterbourne, Dominion City, Niverville and other points; he thought the Government should lease it and perhaps the Northern Pacific railway would lease the R.R.V.R.

Mr. Greenway made a very vigorous speech. He mentioned the fact of the similarity of language in motions made by Mr. Douglas and Mr. Kirchhoffer and letters written by Van Horne to the Local Government as an indication that he was keeping them fully posted on what was going on. It looked as though the members of the Opposition had entered into a conspiracy with the C.P. R. to try to force the Government to abandon the R.R.V.R. and substitute therefor the Emerson branch. They had solemnly pledged themselves to build the road at the earliest possible moment and they were going to do it. It was to be built because it was in the interests of this country that there should be railway competition. The Government did not want to quarrel with the C. P. R., who had a large amount of property in Manitoba and would be benefitted as much as anyone by the development of the Province. If any one had any doubt as to the intentions of the Government to construct the road let them read the letter he had that day sent to Mr. Van Horne. Arrangements had been made with Mr. Oakes, of the Northern Pacific, by which, as soon as the road is completed, he will afford every facility, and would even put on a limited express running all the way to Montreal. The early completion of the road was in the interests of this city, in the interests of Manitoba. The reason why the C. P. R. so bitterly opposed the completion of the R. R. V. R. was because they knew that the moment the Northern Pacific could run into this city they would have to drop their rates; and then the merchants would be given the benefit of competing rates from eastern points, and the farmers the advantage of competing rates to Duluth. The farmers in the past have paid 10c per bushel more than they should have for the transportation of their wheat to the seaboard; and if the government could effect this saving this year on 12,000,000 bushels of wheat it would be considerably in excess of what they would expend in building the road. The only offer ever made the government by the C.P.R. re the Emerson branch was \$1,000,000 or \$50,000 a year. That line when built by the Government, only cost as per the public accounts some \$800,000; and were they after all these years going to pay \$1,000,000 of the people's money for this when they

could build a road in a much better position for less money. The Government have no intention of doing anything like that. (Applause.) By way of threat the C.P.R. had practically announced that unless the Government bought the Emerson branch the company would not extend their branches, even although the Government had offered them a subsidy practically sufficient to build the line. When the C. P. R. undertake to coerce the Government to their view of thinking, he could tell them, and the people of this country, that they cannot do it. (Loud applause.) They might as well understand the Government's position. They were going to build that road. The C. P. R. appeared to think they had only to dictate to the Government and it would yield. He desired that there should be no misunderstanding on that point, and he had written a letter to Mr. Van Horne that it was no use using threats against this Government. (Applause.) The lines to the boundary and to Portage la Prairie would be valuable assets. It was arrant nonsense to say that these roads would destroy the parallel C. P. R. lines; he believed the more lines there were, the more business there would be for each railway, and the country would become more prosperous. In conclusion he again reiterated amidst tremendous applause, in which the galleries joined in, that despite the threats of the C. P. R. and the efforts of their representative on floor of the House the people of this country would be enjoying railway competition before the snow flies.

Mr. A. F. Martin was not surprised at seeing the member for Emerson representing the Canadian Pacific. If the R.R.V.R. is abandoned no connection will be made this year with the Northern Pacific. All the C.P.R. wanted was another year of monopoly. That bridge at Emerson of which Mr. Douglas had spoken so much was not owned by the town for Emerson was practically in the hands of bailiff. That bridge could be sold to-morrow, and the C. P. R. in order to preserve that monopoly would buy in the bridge and connection could not be made this year, and the C. P. R. would get the advantage of another year of excessive rates. He claimed that the country from Morris to West Lynne required railway facilities. He did not believe Mr. Douglas' complaint about the C. P. R. abandoning the Emerson branch. It would be continued if necessary by the St. P., M. & M.

Mr. A. F. Martin, seconded by S.J. Jackson, moved in amendment to the amendment:

That all the words after "That" in the first line of the said amendment be struck out, and the following substituted therefor:

Whereas it appears from the correspondence laid on the table, and especially that portion which states "if the R. R. V. R. is to be built, and the Emerson

branch left on our hands notwithstanding our offer, it will be useless to discuss future railway building or prolong this correspondence. If Mr. Greenway's decision as to the Emerson branch is final we would like his permission to publish this correspondence in order that the responsibility may be placed where it belongs." That the C.P.R. is bringing influence to bear on the Government to abandon the completion of the R.R.V.R., and whereas a good deal of money has already been expended in the construction of that enterprise, and whereas it is necessary in the interests of the country that an independent line should be run to the boundary. This House resents the threats of the C. P. R., and even if it had been possible to have arrived at a satisfactory arrangement for the taking over of the Emerson branch, the attitude of Mr. Van Horne, representing the C. P. R., has placed it beyond the power of this House to entertain any further offers or correspondence and it is in the interests of the country that the construction of the R. R. V. R. be proceeded with with all possible speed.

Mr. J. M. Robinson, who seconded Mr. Douglas' motion, spoke in much the same strain as Mr. Douglas.

Dr. Harrison seemed to object to Premier Greenway's statement that the opposition were in league with Van Horne. He thought foul epithets shouldn't be thrown at the high-minded patriots sitting to the left of the Speaker. He wouldn't commit the Government to a hard and fast line; but if they could get a lease of one of the C. P. R. lines in perpetuity at a low figure they should do it. He would support extensions; he thought this might be accomplished if the government would meet the views of the C.P.R. re. the Emerson branch.

Mr. Drewry said that he had always been for the Red River Valley, first, last and all time. He believed the R. R. V. R. should be built, and when the Premier sent out his invitations next fall to persons to take the opening trip over this road he hoped he would invite him even though he wasn't a member of the House. Mr. Drewry was given vigorous applause when he sat down.

Mr. Luxton went into a calculation to show that even if the Emerson branch could be secured for \$25,000 per year as Dr. Harrison had indicated, it would pay the country better to complete the R.R.V.R. A sum of \$150,000 had been spent in securing the grade for that road, and this would be a total loss if it was abandoned. The R. R. V. R. was estimated to cost \$750,000; taking off the \$140,000 for rolling stock and the \$150,000 for constructing the grade would leave \$460,000 which it would cost to put the R. R. V. R. in just such a position as the Emerson branch would be handed over in. This amount at 5 per cent interest is \$24,500, a less sum than the figure at which it

was stated the Emerson branch could be leased. He went on to point out that the C.P.R. were bound by statute to complete their branches under penalty of losing their land grant; and in saying practically that he would not build them Mr. Van Horne was repudiating an agreement made with the people of Canada. The terms of settlement with the C.P.R. were very satisfactory, but they should contain a clause insisting upon the immediate extension of their branch lines.

Mr. Leacock said he would vote against Mr. Douglas' resolution. The correspondence from Mr. Van Horne to the Government which had been brought down was a repetition of the insulting telegram sent to the Legislature last year by Sir George Stephen which he had at the time denounced. (Loud applause from the Government benches.) It was not due to the dignity of the Crown, the Legislature or the country that Mr. Van Horne should be permitted to try and coerce the Government by threats and insinuations.

Mr. Alexander referred in rather sarcastic language to Mr. Leacock's speech. He said that gentleman had a most extraordinary manner of flying off at a tangent and he had done so on this occasion.

Mr. Norquay said that last year the C. P. R. were apparently anxious that the requirements of this country should be met by leasing to the Province as an independent outlet part of their system. They had made an offer of that nature to the late Government, but the Federal authorities disapproved of the plan. He denied that there was anything but a great desire to secure competition among the members of the Opposition. He intimated that friends in Ottawa (Mr. Daly et al), had notified the Opposition that negotiations were going on between the Local Government and the C.P.R. and they had then moved for the returns. He had been led to believe that very advantageous offers had been made to Local Government to lease the Emerson branch. After examining the correspondence he took the same view of the matter that Mr. Leacock did. The company had tried to dictate to the Province and whatever difference there might be among themselves it was the duty of every Manitoban to resent their action. If the C. P. R. were able to find capital for eastern lines they could do it for their extensions here, and if they think they can, by means of dissensions here, set one party against another, in a matter of this kind, he wanted to show them they were mistaken. Although opposed to the present administration he could not as a member of the house approve of any attempt to coerce and intimidate the Government of this Province as the Canadian Pacific had attempted to intimidate them. His remarks were received with loud applause by the Ministerialists. Mr. Douglas then crawled into his hole and drew the hole in after him. He ex-

plained that the submission of the correspondence had changed the whole current of the discussion. He knew nothing of the correspondence when he drew his resolution; but under the circumstances he agreed with the other members that the C. P. R. having tried to intimidate the Government, the House should back them up. Accordingly he would either withdraw his motion or he would support the amendment. The friends on the other side began to taunt him with backing down, but he said he had not done so. He accordingly asked to be allowed to withdraw his motion.

Mr. J. M. Robinson made a few explanations about his sharp turn. He too followed the track of the others and denounced the C. P. R. Their threats peremptorily shut off all possibility of the province leasing the Emerson line. After the threat the Government could only drop all negotiations.

Mr. Alexander also rose to make explanations. He said he had only supported Douglas' motion because he thought were it adopted it would lead to the extension of the branches. Although he had spent half an hour in reading the correspondence he didn't notice the threats contained in it, but under the circumstances he would support the amendment.

Mr. Greenway said it was flattering to see that the members of the Opposition had seen the errors of their ways and

were going to give the Government a unanimous support.

Mr. Leacock said the more he looked at the matter the more the correspondence seemed to be contempt and insolence to this House; and if Mr. Van Horne were within the jurisdiction of the House he would move that he be brought before the bar at the House to explain his actions and words.

Mr. C. P. R. Brown made a few timid remarks. He suggested that that the whole matter be allowed to drop in order to leave the government free to take any action they pleased in the matter; and immediately afterwards made a break for the door to escape voting in the division.

Mr. Douglas wanted to withdraw his motion, but that was not allowed; then he wanted to add something to it, but that was also refused. Thereupon he announced that he would support his motion, and a division was taken with the following result:

Ayes—Hon. Messrs. Prendergast, Martin, Greenway, Smart, Jones, Norquay, LaRiviere and Harrison; Messrs. Francis, Crawford, McKenzie, Luxton, Young, Jackson, Martin, Gellay, Roblin, Macdonell, McLean, Thompson (Cypress), Thompson (Norfolk), Smith, Robinson, Alexander, Leacock, Marion, Gillies and Drury—28.

Nays—Mr. Douglas—1.

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THE MORAL

The moral is simple and is the
"Commercial" of the state. It is
not a moral, but a political principle.

It is a moral, but a political principle.

It is a moral, but a political principle.

It is a moral, but a political principle.

It is a moral, but a political principle.

It is a moral, but a political principle.

It is a moral, but a political principle.



THE MORAL.

The moral is suggested by the "Commercial," of May 24th, a non-partizan and non-political journal, in these words :

"As matters stand there can be no doubt about the result of the coming election ; and indeed it is difficult to see how a man true to Manitoba can, under present circumstances, do otherwise than support the party now in power."